

Nation's Business

A USEFUL LOOK AHEAD

APRIL 1958

HOW TO AVOID

MANAGERS'
7 DEADLY
SINS

PAGE 34

Boom can come before you know it **PAGE 31**

Tax squeeze chokes progress **PAGE 36**

The case for federal reclamation **PAGE 40**

Help your brain work for you **PAGE 86**



Designed for tomorrow—here today! Relaxed riding on new-type concrete



“For my money, this new-type, sound-conditioned concrete gives the sweetest ride yet!”

Says **BOB CROSBY**, popular MC of TV, bandleader and singer



Concrete gains strength year by year—up to 20% in 5 years. Crushing tests prove only concrete gives this durability “bonus”.

“I’ve driven it—lots of times. The new continuous-laid concrete is everything they say. Smooth—not a thump to be heard. They’re using it on the Interstate System now and getting highways designed for 1975 traffic.”

You’ll be glad highway engineers who helped develop new-type concrete plan thousands more miles of it. What comfort! Not a thump. Laid without joints, it has only tiny, sawed-in cushion spaces. You can’t hear or feel them!

You get a smooth-riding surface that freezing or de-icers won’t roughen. Billions of minute air bubbles prevent it. They’re put into new-type concrete by

a process called air entrainment. And a special granular subbase keeps this pavement firm and level.

New-type concrete has an expected life of 50 years and more . . . with up to 60% lower maintenance costs than for asphalt. Only concrete can be accurately engineered to future traffic loads. Yet its initial cost is moderate.

Add safety—a grainy surface for dependable skid resistance, wet or dry . . . light color for night visibility far better than on dark surfaces.

Over 90% of America’s most heavily traveled roads have been built of concrete. For the 41,000-mile Interstate System to link 209 major cities, concrete is the preferred pavement.

NEW-TYPE

Concrete

PORTLAND CEMENT ASSOCIATION

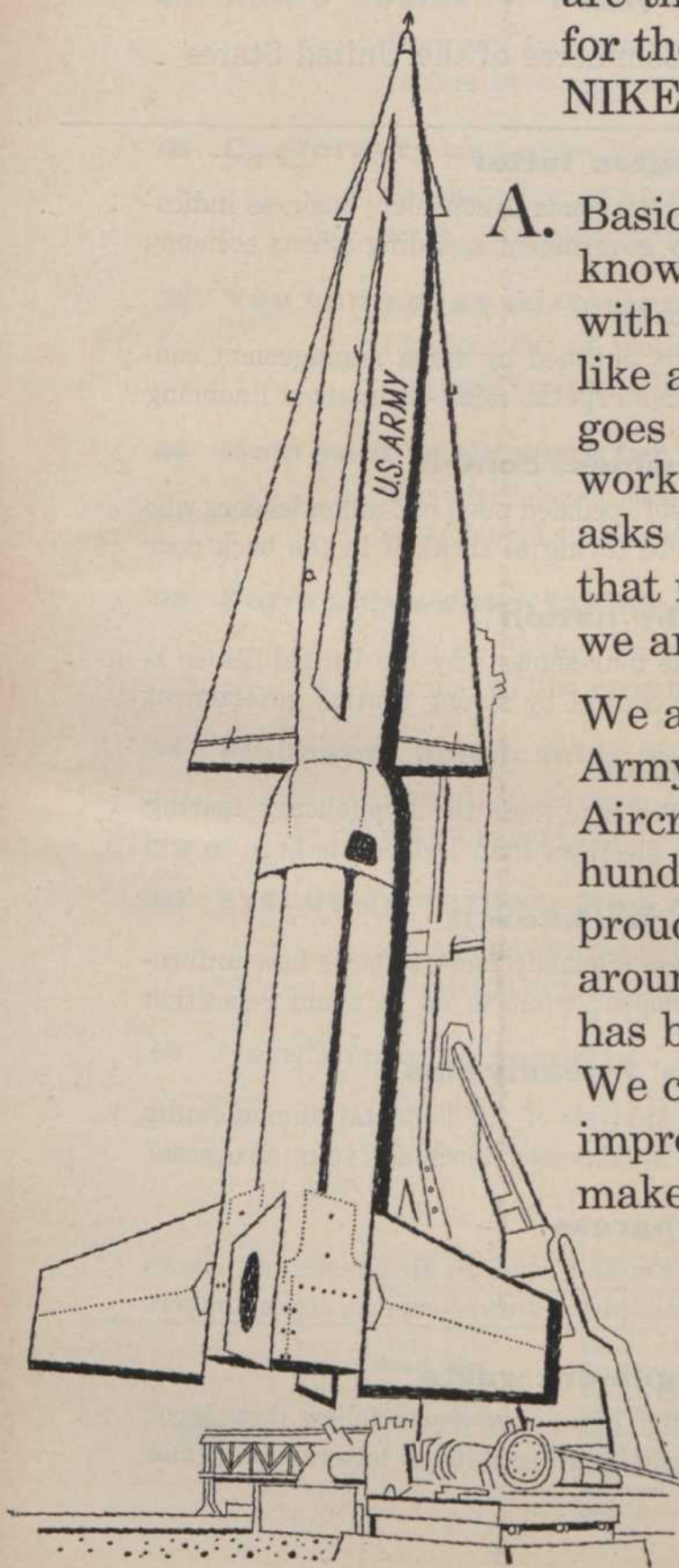
A national organization to improve and extend the uses of concrete

Q. Western Electric makes Bell telephones – so why are they the prime contractor for the U.S. Army's NIKE guided missile system?

A. Basically it is “know-how”; that is, knowing how to meld research with production so they work like a single operation. This goes on daily in our Bell System work and when Uncle Sam asks us to take on a job that needs this “know-how” we are ready to go.

We and our teammates on the Army's NIKE project – Douglas Aircraft, Bell Laboratories and hundreds of sub-contractors – are proud that NIKE is operational around United States cities, has been for over 4 years.

We can report, too, that major improvements are on the way to make NIKE even better.



Western Electric

MANUFACTURING AND SUPPLY



UNIT OF THE BELL SYSTEM

Nation's Business

April 1958 Vol. 46 No. 4

Published by the Chamber of Commerce of the United States
Washington, D.C.

7 Management's Washington letter

Congress has 18 tax cut plans to consider; business indicators compared; how government spending affects economy

10 Letters from businessmen

What farms need is outlined by farm management consultant; insurance man speaks mind on internal financing

14 WHAT LABOR WANTS: Business control

This plan is being soft-pedaled now, but union leaders who support it seem to be trying to sneak it in the back door

23 TRENDS: The state of the nation

A 10,000 mile plane tour shows why the United States is far too diverse for control by strong central government

27 TRENDS: Washington mood

Politics along the Potomac finds the Republicans fearing they'll lose more in elections than Democrats hope to win

31 Boom can come before you know it

Examination of these economic factors shows how unforeseen patterns developed; what to do to avoid repetition

34 How to avoid managers' 7 deadly sins

Here's a revealing analysis of fundamental human faults in business. Are weaknesses blocking your progress?

36 Tax squeeze chokes progress

Interview with du Pont's Crawford H. Greenewalt shows why reduction is needed for future capital, top managers

38 Writing skills cut management waste

You'll have more time to manage if you follow these basic suggestions to improve writing skills in letters and memos

40 The case for federal reclamation

Utah's Governor George D. Clyde writes his viewpoint on value of spending federal taxes for regional development

42 HOW'S BUSINESS: Today's outlook

Here are the prospects for labor legislation this session; factors obscuring a clear picture for distribution trades

66 Conformity can stimulate ideas

Consideration of these five principles will help you preserve teamwork without stifling the creative individual

76 You can gauge customers' wants

Clarification of motivation research explains techniques and applications, tells how a company can put it to work

86 Help your brain work for you

Top psychologist sheds new light on thinking process and casts doubts on some popular concepts; new mental mileage

90 Farm show-down taking shape

Two conflicting philosophies about the source of farmers' income will be issue before Congress. Here is the outlook

94 Managers polish skills by teaching

Executives increase their abilities and spread training to others under plan developed by businessmen and educators

100 EXECUTIVE TRENDS: How to cut costs

An old subject made timely by the business contraction is discussed; expert tells best ways to handle those new ideas

106 Here's road to security

National security is built on personal security—better achieved when a nation encourages individual responsibility

Nation's Business is published monthly at 1615 H St. N.W., Washington 6, D. C. Subscription price \$18 for three years. Printed in U.S.A. Entered as second-class matter March 20, 1920, at the post office at Washington, D. C. Copyright, 1958, by Nation's Business—the Chamber of Commerce of the United States. Nation's Business is available by subscription only.



Editor
Alden H. Sypher

Adm. Assistant
Ruth D. Howard

Executive Editor
Paul McCrea

Associate Editors
George Haddock
Kenneth W. Medley
Paul Hencke
Joseph M. Gambatese
Tail Trussell
Joseph L.S. Terrell

Art Director
Ralph Patterson

Adm. Assistant
Mary W. Davis

Associates
Asdur Takakjian
Charles Dunn
Thomas S. Huestis

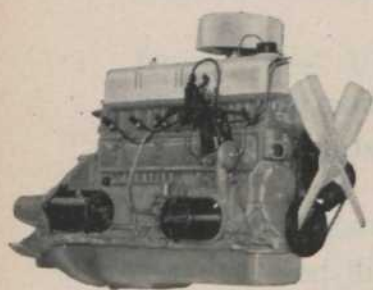
Production Manager
W. Lee Hammer

Business Manager
William W. Owens

Advertising Director
Herman C. Sturm

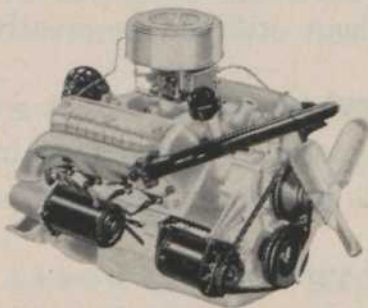
Circulation Manager
John C. Loest

American business buys more



New Ford 139-hp Six.
Now with up to 10%
greater fuel economy.

**New Ford 292-cu. in.
V-8 with 186 hp.** Bigger
cubic inch displacement
for greater pep and power.



Whatever your business . . . there's a Ford truck for your special needs

Official registrations for 1957 show that American business buys more Ford trucks than any other make. There are many reasons for this popularity.

To begin with, Ford offers a complete line of over 360 truck models, ranging from pickups to mighty Extra Heavy Duty tandems. And there are Ford Dealers almost everywhere, ready to help you select the truck best suited for your individual job. They're ready with modern service facilities, trained mechanics and low-priced Ford parts to keep your trucks on the job, earning for you.

Ford trucks are your best buy, too! Ford's initial costs are *low* and resale value is traditionally *high*. Only Ford offers the economy of Short Stroke power in all engines, Six or V-8. And rugged chassis design means these new '58s are built to last. All this plus the proven fact that Ford trucks last longer adds up to America's No. 1 truck value.

See your local Ford Dealer right away for the latest in '58 trucks or the best in A-1 used trucks.



FORD TRUCKS than any other make !



Ford's F-250 Styleside pickup is well suited for fast, economical bulky-load delivery. Over 70-cu. ft. capacity; 7400-lb GVW. Choice of V-8 or Six.



F-600 with van body is standout performer for straight truck service. No other two-tonner is so well built for proven longer life.



P-350 Parcel Delivery chassis with 104- and 122-in. wheelbases for 7- to 11½-ft. bodies with maximum load-space in stop-and-go service.

FORD TRUCKS COST LESS

... LESS TO OWN
... LESS TO RUN
... LAST LONGER, TOO!





"where'd the river go?"

Last year... a torrent. Today, a trickle.

Throughout America, rivers are running sluggishly, water tables lowering. Communities once rich in water are now poor. Meanwhile, people, industry and agriculture call for more water, not less. Water officials are worried. You, as an intelligent American, should be. Unless wise and farsighted action is taken now, even more serious shortages lie ahead.

Help protect your precious water supply.

1. Encourage future water planning.
2. Support realistic water rates and water supply bond issues.
3. Conserve water where you can.

Without water, what have you?



**WHEN THIS OAK
GROWS OLD...**

the cast iron pipe laid today will still be young. Throughout America cast iron water and gas mains a hundred and more years old are still serving. This dependability and long life make cast iron pipe AMERICA'S NO. 1 TAX SAVER.

CAST IRON PIPE

RESEARCH ASSOCIATION SUITE 3440, PRUDENTIAL PLAZA, CHICAGO 1, ILL.



management's WASHINGTON LETTER

► **CONFUSION--THAT'S WORD** to describe what's going on in Washington.

It's a race between political groups to grab credit for any economic upturn that may come before elections.

If upturn doesn't come, tactics will switch to placing blame.

That's politics at work.

► **YOU MIGHT DO** as the Russians do.

Russian economist in Washington who keeps track of U.S. business conditions, reports to Moscow, says:

"I look at who comments--if he's a politician, I ignore his remarks."

► **WATCH NEW EMPLOYMENT** data out about 11th of this month--could trigger new public policy.

Pressure for antislump action will surge to new peak if jobless total mounts again--beyond point expected.

Figures will show official count as of early March, updating current data gathered in early February.

Outlook: Jobless total up again, but look also for number working to rise.

► **EMPLOYMENT FIGURES** can be tricky.

Consider these facts:

Unemployment in latest count rose by 679,000 but number actually at work fell off only 250,000.

Why? More people joining work force, some with jobs, some without.

Example: 64,000 more people in 14-18 age group were at work in February than in January. Yet unemployment in this age group also rose--by 55,000.

Number jobless age 70 and older rose by 3,000 while number of old folks with jobs also went up--by 68,000.

► **YOU GET ONE SLANT** on business conditions in Washington, another view when you travel around the nation.

In capital, there's tendency to view with alarm, to look at economy's dark side.

This is particularly true of union organizations and congressmen representing districts where unemployment has risen.

Big talk about pump-priming projects gives congressmen feeling of satisfaction, feeling that something is being done for folks back home.

That's Washington picture.

But when you move about country--to Midwest, South, West--you find less gloom expressed in many areas.

Boom's not up to last year, you'll hear, but business over all still is better than all but one or two years.

Said one businessman:

"We wouldn't know much about downturn if we didn't hear from Washington."

► **TAX CUT PLANS** are being kept warm on back of congressional stove.

You could see action about month from now, maybe two.

As viewed on Capitol Hill at this time, action before that's uncertain.

Joint Committee on Internal Revenue Taxation has new study on alternate plans for tax relief for individuals.

Study shows what each of 18 plans would leave consumers to spend.

► **DON'T COUNT** on Washington to pull U. S. out of business downturn.

Few people here believe it can.

You can expect talk from congressmen about taking frantic steps. But it's mostly talk, mostly politics.

Fact is: Washington's really afraid to start up huge public works programs to stimulate economy.

Reason's this: Big spending programs started now would have biggest impact later--next year, year after.

By that time economy may be zooming again.

Greatly stepped up spending piled on top of boom's new zoom could be stimulating economy too much at wrong time, adding big dashes of fuel to inflation fires.

► **DON'T BE SURPRISED** if some indicators start making better showing soon.

All indicators don't start down together, won't turn around together.

Here's what indicators show:

Personal income--reached high last August, has dropped 1.1 per cent.

But it's still up \$3.3 billion from year ago.

Consumption--down a fraction from 1957's third-quarter peak, now about 3.7 per cent higher than year ago.

Corporate profits--new data expected to show further decline from peak

reached at end of '56. Upturn in corporate profits--when it comes--will signal new rise in capital investment.

Spending for plant, equipment reached top in third quarter '57.

Weekly hours worked--average reached high in December 1956--is now down 3.7 per cent from year ago.

Hourly pay--factory average down a penny per hour from 1957's year-end peak.

Industrial production--slide from December '56 peak continues, already down about 10 per cent.

For durables, decline's more than 14 per cent.

For nondurables, index is now 4.5 per cent below peak reached last August.

Construction--dollar volume's 3 per cent higher than year ago.

Retail sales--current sales rate would use up inventories in 43½ days compared to 44 days year ago, 46½ days two years ago.

Average sales rate now's about equal to last year's peak, is 4.3 per cent higher than year ago.

►BUSINESS LOWERS its sights on expansion plans--interpreted from Washington as new sign of gloom.

But don't overlook: 1958 expansion plans will be exceeded by only two years in history.

It's from peak of more than \$37 billion that decline is occurring.

Business capacity has been boosted by \$300 billion investment since war's end.

Economists explain:

Now business planners want to see how quickly flow of goods will catch up with capacity to produce.

Look at other growth peaks:

First postwar peak was reached in '48 with \$22 billion expenditure.

It slipped to \$19.3 billion in '49, then started up again.

Second peak was reached in '53 with \$28.3 billion expenditure.

In '54 it slipped back to \$26.8 billion, then began new climb.

Third peak was '57, with more than \$37 billion spent for growth.

►CONGRESS DARTS from cause to cause.

Basic consideration for talk, action to come will be upcoming elections.

Here's how mood already has changed:

Top problem year ago was inflation, economy growing too fast.

Then suddenly America was thrust into a science race with Russia.

Now comes business downturn, economy not growing fast enough.

Programs being called essential for space age race when Congress opened this year now are being called essential to beat unemployment.

Fact is, some programs voted down last year also are being resurrected.

Example of changing tempo:

Shortly after session began, Majority Leader Lyndon Johnson became head of new Senate 13-man space age committee.

Meanwhile, American satellites soared into orbit, business slump deepened, space age fervor quickly cooled.

Now Senator Johnson's spearheading his party's drive to beat unemployment.

Space age committee hasn't gotten off the ground.

►GOVERNMENT WILL SPEED placement of defense contracts.

This'll mean more business activity for some industries.

But there'll be some delay in full economic impact.

In 1958 government's contracts will reach estimated \$23.6 billion--rise from \$17.8 billion.

But remember: These are contracts. They foreshadow what's to come.

►LOOKING AHEAD, here's how much federal road money will pour into economy:

From \$969 million in 1957, program will go up to \$1.8 billion in 1958.

Next year it'll zoom again--to \$2.4 billion.

This'll add equivalent of 1,020 new miles of interstate highways this year, another 1,970 new miles next year.

It'll help improve 23,500 miles of other roads this year, another 25,000 miles next year.

Note: This is money from Washington.

Total road spending will reach \$5.5 billion in '58, up from \$4.8 billion.

►PROMISE TO PLACE more procurement contracts in labor surplus areas holds little hope of raising country's general business level soon.

Government's effort to do this will

management's WASHINGTON LETTER

run headlong into laws, regulations which tie hands of contracting officers.

Before awarding contracts, Pentagon must determine whether placement complies with almost endless list of such rules.

These include--

Whether placement provides fair share for small business, preserves mobilization potential, encourages subcontracting, conserves critical materials, uses available industrial capacity, develops multiple sources, avoids concentration of economic power, disperses critical production geographically, whether company has production capabilities, financial responsibility, nondiscrimination employment policy, complies with federal wage regulations, whether purchase is integrated with mobilization plans, complies with offshore buying laws, complies with Buy American legislation, whether adequate bid time was provided, and others--including whether distressed area is helped.

► **FEDERAL DEBT MANAGERS** aren't ready to admit publicly, but another boost in debt limit may come up before Congress adjourns this summer.

Here's why:

Newly voted \$280 billion ceiling may not be high enough.

Decision on need for bigger increase will be made in about three months.

Debt managers will be watching personal income trends, business profit trends.

If pickup isn't clearly in sight, you can expect Administration to ask for new ceiling boost.

Since 1941 ceiling has gone up 8 times, been lowered only twice.

► **AGGRESSIVE SELLING** by competition--not business conditions--is blamed by president of national trade association for some of industry's current problems.

"Nothing sells itself these days," says N. Floyd McGowin, president of National Lumber Manufacturers.

Point is that some industries lacking creative selling techniques have gotten passive and soft, he says.

They've remained static while rest of economy was booming.

Now, in downturn, they're feeling pinch harder than others.

Remedy, says Mr. McGowin:

Sell harder, use more advertising... industry-wide sales promotion, emphasize economy features of your product--look for new markets, new uses of your products.

"It pays to promote," he says.

"It pays to merchandise.

"It pays to advertise."

► **PLANNING FOR NEXT** big economic growth period?

Don't overlook help you can get from:

1. Trade associations in your industry.

2. Your local chamber of commerce.

Membership in trade groups, local chambers will give you access to wide range of market research, merchandising and management services. This will help you pinpoint future markets.

Item: 5,000 to 6,000 trade associations in U. S. engage in marketing activities on behalf of their industries.

Activities include consumer surveying, forecasting of future demand, statistical assistance, other things.

For details on way such services can help you, write for "Better Business Markets and Sales"--new pamphlet available at 50 cents a copy from Association Service Department, U. S. Chamber of Commerce.

► **IN YEARS AHEAD** you'll hear more about organized industrial parks.

Stanford Research Institute has new study to be out soon.

It shows 303 organized industrial districts in U. S., up from 33 in 1940.

More than a third were created since 1955, total of 183 since 1950.

Trend points to many more in years to come.

► **TRENDS:** Look for upturn in crime rate this year. Usually happens after unemployment rises.

Don't count on newest Reserve Board easy-money policy to speed capital expenditures much--not soon.

Prospect for profits sets pace for business expansion--not cheaper money.

Orders for missiles in year ahead will go up about 100 times sum spent in '47. Total for all missiles from war's end through coming year--\$23.5 billion.

Letters from businessmen

Internal financing

Referring to the comments emanating from Nat Weinberg, the Steelworkers Union, the AFL-CIO Economic Policy Committee, and Senator O'Mahoney accompanying the article "Where Money to Expand Comes From:"

I would prefer to think that the quoted remarks have their basis in shallow understanding, rather than venality, but this is purely a matter of choice by the individual reader. I may say that I cannot believe in shallow thinking in this case.

Have these people extended their objection far enough to come to the very logical conclusion that "internal financing" is the backbone of the American family's progress? The head of the family, the breadwinner, sells his working talents and time for more than his family must have in order to exist.

All that he earns over and above his basic living represents "internal financing," with which the family betters itself.

From this excess comes his life insurance and all other savings, his home, most of his purchasing power, etc. To apply the theory that a business has no right to plow profits back into its operations is to say that no worker has the right to receive more than an actual cost-of-living wage.

This is socialist thinking of the deepest dye. It is demagogery and semantics whose only purpose is to rally support to an issue based upon a false premise.

Both industry and the worker are selling their services for a bit more than the absolute minimum required for survival. What's wrong with that?

AL L. GRAHAM
State Farm Insurance Companies
of Bloomington, Ill.
San Fernando, Calif.

What farms need

Living in the field of agriculture year in and year out as we do, I can report to you that, dollar wise, agriculture this year is not as serious as it looks. We can expect little from the convening Congress, (which) will attempt to spend money to make artificial markets,

the very thing that has brought us into the situation we have.

A large per cent of our farm operators, who rent the more than 20,000 acres of valuable land we manage, can and will cope with the situation. This does not say that the farm problem apparently rests in the small farm where lack of volume prevents profits. The same principles apply to all business. Agriculture must bring into action more of the factors used in industry and business.

J. E. JOHNSON
J. E. Johnson & Son,
Farm management, consulting,
Champaign, Ill.

They apply

We were impressed, in our reading of the December issue with two articles: "Pinpoint Personnel Strength," and "You Can Get Your Ideas Across." While most of the other articles were excellent, these two in particular seemed to have direct applicability in the strengthening of our organization, both now and in the future.

We would appreciate your mailing 12 copies of each.

GEORGE A. GAUL
Vice President and Treasurer,
St. Lawrence Dairy Co.,
Reading, Pa.

Will it work? . . .

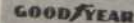
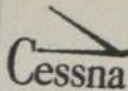
The article "Executives Can Simplify Their Jobs" [February issue] contains many thought-provoking ideas. As this article applies to management in general, so might it apply, with modification, to the particular functions of management in my company. I request permission to reprint certain portions of your article to be used as supplemental material in our Staff Management Program.

E. T. STODGET
American National Insurance Co.,
Galveston, Tex.

►Permission granted.

. . . Yes, it will

Your article "Executives Can Simplify Their Jobs" confirms our corporate opinion maintained since first developing work simplification at Texas Instruments. Real dollars have been saved and are being saved daily by our executive, supervisory



**More
businesses
are group
insured
in the
Aetna Life
than in
any other
company**



**GROUP DIVISION
AETNA LIFE
INSURANCE COMPANY
HARTFORD, CONNECTICUT**

Affiliates: Aetna Casualty and Surety Company
Standard Fire Insurance Company



There's one best way to ship

**drums
drugs
dresses**

most anywhere on the map



... makes The Big Difference

The big difference is SPEED

Railway Express is a complete rail-air-sea shipping service that carries your shipment safely and swiftly to any of some 23,000 communities in this country—and, via Railway Express World Thruway Service, to almost any point abroad.

The big difference is ECONOMY

When you specify Railway Express, you can be assured of *real economy*. Railway Express picks up and delivers (within REA vehicle limits) at no additional charge. And one fixed charge is all you pay from point of origin to destination.

The big difference is DEPENDABILITY

Up-to-the-minute equipment and completely modern methods of operation, as well as specially trained personnel mean direct, dependable deliveries. So whatever you're shipping...near or far...always depend on Railway Express for transportation at its best.

Planning a plant in New Jersey?

If you are planning to take advantage of New Jersey's incomparable advantages for industry, The National State Bank of Newark can be extremely helpful with its knowledge of the opportunities offered in the Newark area. Our 18 banking offices and ample resources offer you every banking service. And our 146 years of experience in helping New Jersey business grow is at your service! A National State representative will gladly call, if you wish. Write to our Business Development Department.



The **NATIONAL STATE BANK**
OF NEWARK

810 Broad St., Newark 1, N. J.

Member Federal Deposit Insurance Corporation



makes you mad...

doesn't it, when plans you count on suddenly fall apart? Thank heaven, most of the time all you lose is your temper. But when important business plans fizzle out, you lose MONEY . . . and often much more. No wonder so many men in every business and professional field read The Kiplinger Letter faithfully every Monday morning . . . no matter what other business reading they may do. They depend on it for facts they can trust . . . for the real meaning of conditions now and shaping up . . . for a unique kind of money-making and money-saving guidance they can get nowhere else.

Other business news services—public and private—make similar claims. But where else can you find proof of value received as extraordinary as this:

**8 out of 10 Kiplinger Letter subscribers renew
year after year—many every year for 35 years!**

What's The Kiplinger Letter got that sets it apart . . . that earns such unprecedented loyalty? We suggest you take this opportunity to find out . . . use the Letter to plan ahead—make business profits and personal earnings better tomorrow than they are today. Here's our special 35th Anniversary Trial Offer:

THE KIPLINGER LETTER
13 weeks for only \$4 (Reg. \$6)

PLUS a highly significant report on how America's top business leaders view future business prospects—with our compliments.

MAIL TODAY

Enter my trial subscription to The Kiplinger Letter for 13 weeks at your special 35th Anniversary rate of \$4 (Reg. \$6), and include report on America's Future with first issue.

THE KIPLINGER WASHINGTON LETTER
Room 129, 1729 H St., N.W., Washington 6, D. C.

☐ Check enclosed ☐ Bill me

Name

Address

City Zone State

and production personnel by examining their jobs, in which they are the experts, and eliminating or improving the job itself or the details involved.

DONALD L. ALLEN
Texas Instruments Incorporated,
Dallas, Tex.

Eight skills

Congratulations on the excellent article "Eight Skills Make a Manager." Will you please send me 100 reprints?

EDWARD J. GREEN
Executive Assistant to
the President,
Westinghouse Air Brake Company,
Pittsburgh, Pa.

We would like permission to reprint "Eight Skills Make a Manager," and "You Can Ask Creative Questions." These reprints would be part of a supplement to our Management Review, a four-page business digest issued twice a month to around 800 members of our staff.

ELEANOR HAINES
Communications Editor,
The Port of New York Authority,
New York, N. Y.

►Reprints sent and permission granted.

Brainpower

In the February issue there appears an article entitled "Brainpower Tests Rate Executives." For several years, the Industrial Relations Center has been working with Dr. Ward C. Halstead in the development and distribution of the console for these tests. We have four installations to date and more are scheduled in the near future. We receive a number of inquiries about the tests and what they measure. It would be very helpful if we could send copies of your fine article in partial answer to some of the questions we receive. We would like to have permission to reproduce about 1,000 copies for distribution this way.

EDGAR E. SWANSON, JR.
The University of Chicago,
Industrial Relations Center,
Chicago, Ill.

►Permission granted.

Random numbers

I am impressed with the potential application of the tables of random numbers mentioned in "New Method Pre-Tests Ideas" (February issue). This would seem to be the answer, particularly in small businesses, to occasional problems not of sufficient import to justify electronic computer service. Can you suggest literature explaining the use of these tables?

WILLIAM F. GLENNON
San Jose Paper Box Company,
Santa Clara, Calif.

►Good source: "A Million Random Digits,"
The Rand Corporation.



Actually—with Tape-Talk—Friden has re-invented the office

Functions haven't changed—only the basic working method.

In office after office nowadays, you see the flow of paperwork being handled automatically by Friden Tape-Talk machines.

These machines read and write and calculate with *punched paper tape*. Applications include invoicing, sales orders, shipment manifests, inspection reports, time cards, inventory...

Friden promises this: In exact proportion to the degree of office automation you wish to achieve, Friden Tape-Talk machines will

- (1) Eliminate need for manual movements and operator decisions;
- (2) Increase work volume output without increasing payroll costs or overtime;
- (3) End errors in data recopying.

Call your nearby Friden Man or write Friden, Inc., San Leandro, California...sales, instruction, service throughout the world.

Friden

has the System

© Friden, Inc.



Selectadata® Automatic
tape reader-selector-sorter

Flexowriter® Automatic tape
writing-accounting machine

Teledata® Automatic
tape transmitter-receiver

Add-Punch® Automatic
code tape adding-listing machine

Computypewriter® Automatic tape
billing department in one desk

Justowriter® Automatic
justifying type-composing machine

Automatic Input-Output Machine

Friden Natural Way Adding Machine

Friden Mailroom Equipment

Friden fully automatic Calculator—
The Thinking Machine of American Business

**Enough coverage
is important!**



NEW YORK LIFE'S EMPLOYEE PROTECTION PLAN

designed for firms
with 5 or more employees

...gives employer
and employee
these modern
3-way benefits:

①

Life Insurance

Payable at death to beneficiary. Accidental death benefit optional.

②

Weekly Indemnity Benefit

Payable for total disability due to non-occupational accident or sickness. Different amounts and benefit periods available.

③

Medical Care Benefits


To help meet hospital, medical and surgical expenses due to non-occupational accident or sickness. Several benefit schedules available for insured employees and their dependents.

Ask your New York Life agent for information now, or write to address below.

Individual policies or a group contract may be available, depending upon number of employees and applicable state law.

NEW YORK LIFE
INSURANCE COMPANY

51 Madison Avenue, New York 10, N. Y.

A Mutual Company  Founded in 1845

The New York Life Agent in
Your Community is a Good Man to Know

**WHAT
LABOR
WANTS:**

New moves aim at business control

Ultimate goal may be achieved
through these piecemeal demands

IS THE Industry Council Plan, under which major business policies would be controlled by labor, management and government representatives, sneaking up on us?

Union leaders have not said much about the old CIO industry council idea in the recent years of prosperity and full employment. With few exceptions, they still are not talking about ICP as such.

But Walter Reuther and other imaginative leaders seem to view today's problems of rising unemployment and the Space Age as an opportunity to push proposals which bear earmarks of the revolutionary industry council concept the late CIO President Philip Murray used to advocate. (See "CIO Wants Equal Voice," NATION'S BUSINESS, May 1953.)

They don't ask for the whole package, which admittedly goes beyond the codetermination system forced on the coal, steel and iron industries of West Germany. They ask for a part, or a step in its direction, with the expectation, of course, that they can expand on it later if they can get a start.

The latest suggestion is made by Ralph Helstein, president of the United Packinghouse Workers, in the current issue of *Digest*, a quarterly put out by the AFL-CIO Industrial Union Department, headed by Mr. Reuther.

"I believe deeply that the time has come in America when the labor movement must assert the principle of codetermination," Mr. Helstein says. "Representatives of labor should sit on policymaking boards of the corporation so that we may have a voice in decisions affecting pricing policies, products to be made, locations of plants, and the speed at

which automation will be introduced."

Old-timer John Brophy, Industrial Union Department staff member, would not be satisfied with codetermination. "The European (codetermination) schemes are too limited in program and labor participation to satisfy those who support the CIO plan," he wrote in a recent issue of the *Digest*.

Mr. Brophy is a former coal miner, the last man to run against John L. Lewis for president of the United Mine Workers, more than 30 years ago.

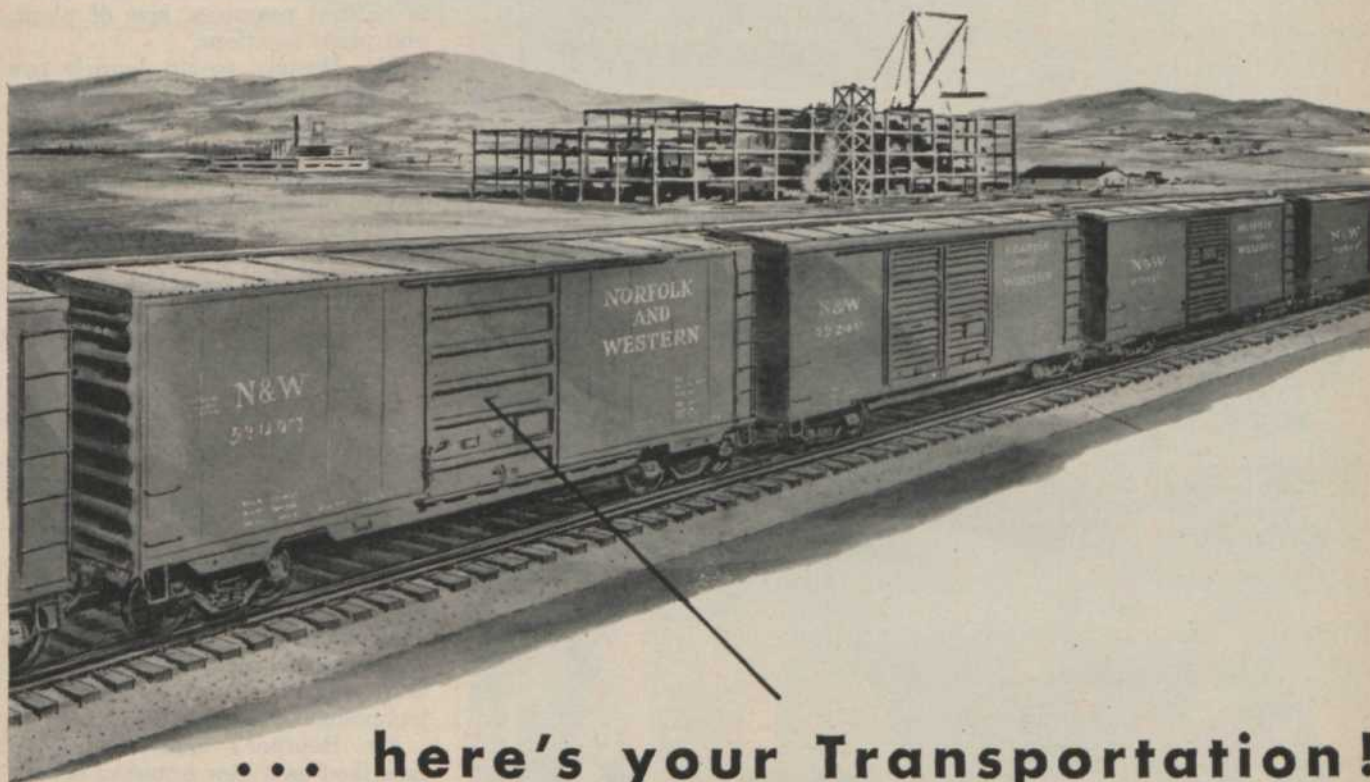
He points out that the objective of ICP is to bring critical business decisions "under the democratic direction of the workers through their unions, together with the people as a whole through their government." (Under codetermination, the government does not participate; only labor and management, equally.)

Under ICP, basic industries would be governed by industry councils composed of labor, management and government representatives. The councils would be tied together on a national basis by a National Planning Board on which would sit representatives of labor, management, government, agriculture and consumers.

The industry council would control all areas of management responsibility. Mr. Brophy lists them as follows:

1. Production, investment, and employment levels.
2. Rate and nature of mechanization and technological progress.
3. Setting of minimum wages, maximum hours and safety conditions.
4. Setting of price ceilings.
5. Labor-management relations

if you plan to **GROW . . .**



... here's your Transportation!

A manufacturer may have the finest production facilities available; excellent workers and strategic location in relation to markets and materials — but these advantages mean little unless his product can be transported to his customers quickly and economically.

That's why fast, dependable rail transportation is a major factor in choosing a new plant site. It's the one form of mass transportation you can count on to move goods safely and dependably . . . day or night . . . in any weather.

In *The Land of Plenty*, where 606 new plants have gone up and 891 established plants were expanded during the past 10 years, dependable rail service to and from some of the nation's greatest markets, as well as to foreign markets through the Port of Norfolk on famed Hampton Roads, is provided by the Norfolk and Western . . . which has a record for dependability dating back 120 years.

If you're planning for a new plant soon, put it where it can get all the essentials necessary to grow, plus topnotch rail transportation — in *The Land of Plenty*! N&W plant location specialists, who understand site selection problems, are at your service *at once*. Call on them for accurate, detailed data . . . furnished confidentially and without obligation.

Write, wire or call—

L. E. Ward, Jr., Manager
Industrial and Agricultural Dept.
Drawer NB-794 (Phone Diamond 4-1451, Ext. 474)
Norfolk and Western Railway
Roanoke, Virginia



Norfolk and Western
RAILWAY

Gold Bond

BUILDING PRODUCTS

This man is a noise-reduction expert

It's his business to install ceilings that make offices quieter and better-looking.

He sees that the job is done quickly (sometimes over a weekend) and he sees that it's done right. And within your budget.

He's one of over 100 Gold Bond Acoustical Contractors. He chose us because he was convinced there was no better, wider line of acoustical materials. We chose him because he is an expert, with a proven record in his field.

If you are considering an acoustical ceiling (and perhaps it's time you did), call the Gold Bond® Acoustical Contractor in your area. He'll be glad to sit down with you, examine your needs, and answer your questions. Write us for his name, or look in the Yellow Pages under "Acoustical Contractors."



NATIONAL GYPSUM COMPANY, BUFFALO 2, N. Y.

BUSINESS CONTROLS *continued*

and corporate public relations, advertising and foreign relations.

6. Corporate policies with respect to natural resources, size of plant, and plant locations.

Mr. Brophy would launch ICP through congressional revision of the 1946 Full Employment Act.

Mr. Reuther, an early advocate of ICP, seems to be aiming at it in several of his proposals.

He has asked Congress to require large corporations to give prior notice of proposed price increases and to justify them at a public hearing before a government agency to be known as Consumer's Counsel.

In current negotiations with automobile manufacturers, Mr. Reuther's United Automobile Workers is asking for a share of so-called excess profits for employees and suggesting an equal share, through rebates, to consumers.

The UAW is also asking the companies to set up joint labor-management committees to study levels of employment, plant relocation and decentralization, and the impact of technological change.

Mr. Reuther's ideas have been described as a new brand of socialism which regards a large corporation as a sort of public utility in which employees and the public have a direct interest, and therefore should have a voice in its operation and share its fruits.

Another approach, somewhat along this line, is being taken by Joseph A. Beirne, president of the Communications Workers of America, which bargains with major telephone companies.

He asked Secretary of Labor James P. Mitchell to appoint a board of eminent citizens to review the union's wage demands and guide the union in paring them if the board feels they are too high. In this way the union would involve both the government and the public in its collective bargaining.

Further, the union plans for the first time to take a part in telephone rate setting by appearing before, and trying to influence appointments to, rate-setting agencies.

This gets the union into prices and profits.

ICP is not just another scheme for voluntary management-labor cooperation, the old CIO pointed out. It needs legislation to give it teeth—with enforcement provisions and penalties for violations.

The more conservative labor leaders, however, do not subscribe to the
(continued on page 19)

NEW

for
those
who use
Buff Forms...



NOW

20/20

BUFF

When you write on it . . .
see how the figures **STAND OUT**.
Turn the page . . . get the facts . . .
SEND FOR FREE SAMPLE PAD.

ADVANTAGES

of these Modern 20/20 Buff Forms

- Outstanding legibility with pencil, ink or ball point.
- Reproduces on wet or all-electric process machines.
- NEW paper made by Hammermill Paper Company to the specifications of the National Blank Book Company.



NATIONAL BLANK BOOK COMPANY
Holyoke, Massachusetts

FREE sample of 20/20 Buff Analysis Pad.
Mail this coupon.

Name

Company

Street

City Zone State

You'll like

20/20

BUFF

when you write on it . . .

Just see how your figures stand out!

NATIONAL Pads in 20/20 BUFF

45-700 SERIES SIDE PUNCHED

Size	Columns	Number
11 x 8½	2	45-702
	3	45-703
	4	45-704
	6	45-706
	7	45-707
11 x 16½	8	45-708
	12	45-762
	13	45-713
	14	45-764
11 x 24½	18	45-718
	21	45-721
	25	45-725

45-900 SERIES TOP PUNCHED

Size	Columns	Number
8½ x 14	2	45-902
	3	45-903
	4	45-904
	6	45-906
	7	45-907
14 x 17	11	45-911
	12	45-912
	13	45-913
	14	45-914
14 x 25½	18	45-918
	21	45-921
14 x 34	25	45-925



An NBB Product

NATIONAL BLANK BOOK COMPANY

Holyoke, Massachusetts

continued

industry council idea, and particularly shy away from government participation. These men are mostly from the old American Federation of Labor.

John L. Lewis, who was a power in the AFL before he pulled his United Mine Workers out to start the CIO, told a group of visiting West German coal miners that co-determination may be all right for Germany, but American miners want no part of it.

Yet, the UMW, now unaffiliated, recently joined with coal producers and exporters and coal-carrying railroads to form a company—American Coal Shipping, Inc.—to provide shipping at stable rates to carry coal to Western Europe. (See "Industry, Union Join in Sales Plan," NATION'S BUSINESS, July 1957.)

Mr. Lewis has had government help in achieving some of his gains, although he has also felt the wrath

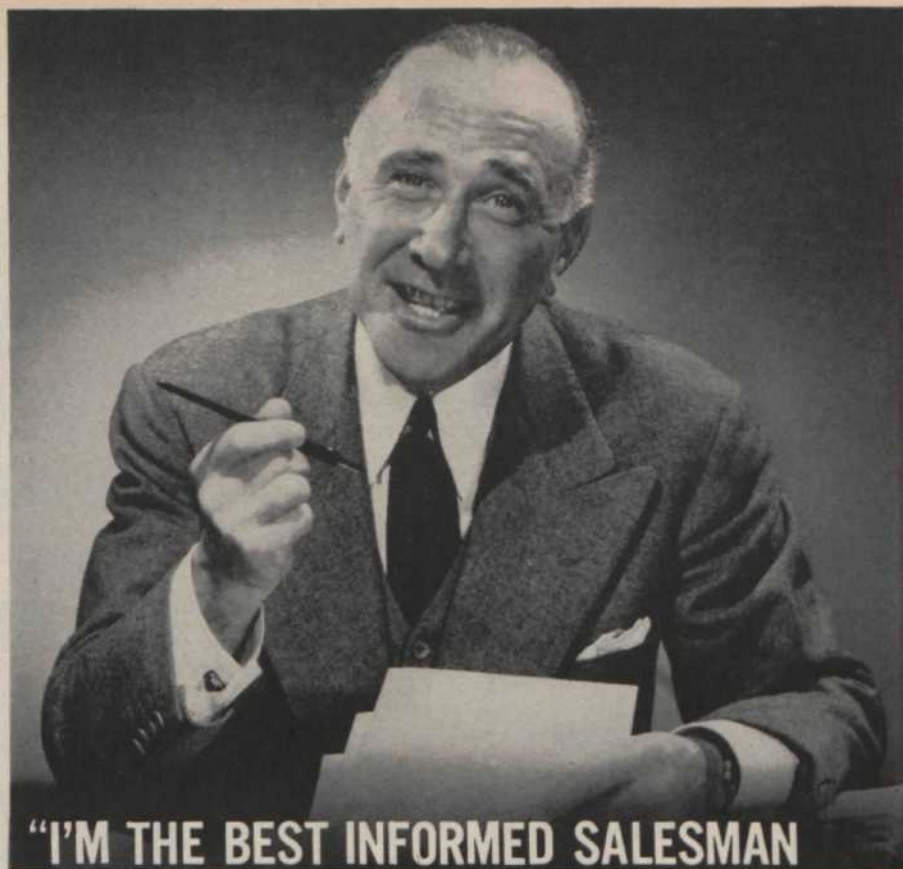
Too many businessmen avoid taking a firm stand, even on issues which directly affect their welfare, for fear of becoming involved in controversy and thus damaging customer relations. By this attitude, the businessman in effect surrenders the right to speak out on his own behalf on matters which vitally affect him, his business and his employees.

—William D. Carlebach,

First Deputy Commissioner
New York State Department
of Commerce

of government through injunctions and court fines. The UMW \$100 million-a-year welfare and retirement fund got its start under government auspices in 1946 after the federal government seized and operated the soft coal mines to prevent a strike.

AFL-CIO President George Meany, who headed the AFL before the merger with CIO, has always been cool toward radical concepts of labor-management relations. He has warned his associates against the consequences of government interference. Before the merger, it was not unusual for him to criticize Mr. Reuther's ideas just as other unionists are currently criticizing the Reuther demand for a share of business profits.



"I'M THE BEST INFORMED SALESMAN IN MY TERRITORY ... THANKS TO DODGE REPORTS"

"I've been selling this territory long enough to think I know everybody active in

construction, but I've learned never to be surprised when Dodge Reports turn up good leads I didn't know about."

SALES MANAGERS—HOW ABOUT YOUR SALESMEN?

Even your star salesmen can't match Dodge Reports for knowledge of all the new construction that's going on in their territories. That's because no salesman can spend *all* his time looking for live leads. But Dodge Reporters do just that—it's their only job. And the leads they get are relayed daily to sales managers and their men, for any territory in the 37 Eastern States.

That's why more than 48,000 firms and salesmen use Dodge Reports to locate *live* sales opportunities, to find out what's going to be built, who's going to build it, when and where.

Dodge Reports are the kind of selling aid your men want and deserve. Let us show you how other successful sales managers keep good men productively employed on *live* sales opportunities through the use of Dodge Reports. Send the coupon now for your copy of "Dodge Reports—How to use them effectively", including the famous "Dodge Specification Form" that lets you select the kind, size and location of the jobs you want your men to go after.

F. W. Dodge Corporation, Construction News Division
Dept. X48, 119 West 40th Street, New York 18, N. Y.

Send me the book "Dodge Reports—How To Use Them Effectively" and let me see some typical Dodge Reports for my area. I am interested in the markets checked below.

☐ House Construction ☐ General Building
☐ Engineering Projects (Heavy Construction)

Area _____
Name _____
Company _____
City _____ Zone _____ State _____



Dodge Reports

For Timed Selling
to the Construction Industry



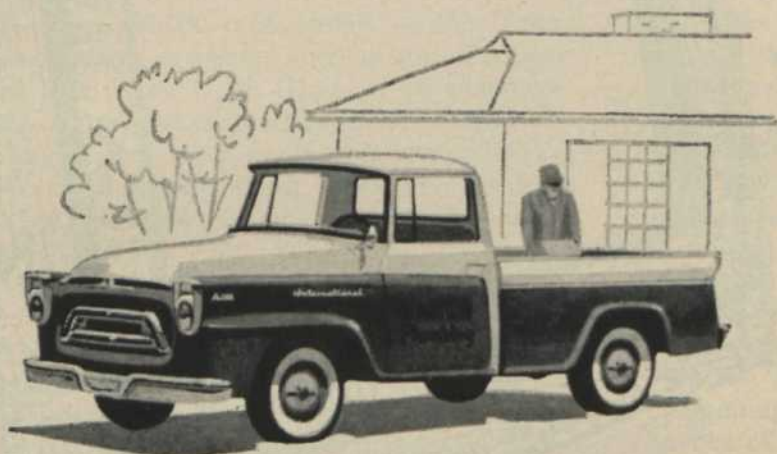
*Easier to handle in traffic, easier to park!
This compact International cab-forward model
is short in length, low in height and price —
yet full-size in comfort.*

INTERNATIONAL TRUCKS

These are rugged trucks picked at random from the world's most complete line.

International Trucks, of course.

Engineered to combine economy with comfort and an ease of handling you can best understand after one turn at the wheel.



Roomy, easy-riding International pickups offer bonus loadspace bodies up to 8½-ft. long. See your International Dealer.

**NOW, FOR ANOTHER YEAR,
INTERNATIONAL TRUCKS
ARE SALES LEADERS!**

- * First in heavy-duty truck sales 26 straight years.
- * First in six-wheel truck sales 23 straight years.
- * First in multi-stop truck sales 20 straight years.
- * INTERNATIONAL offers you more models . . . ½-ton pickups to 96,000 lbs. GVW.

cost least to own!



INTERNATIONAL HARVESTER COMPANY, CHICAGO

Motor Trucks • Crawler Tractors
Construction Equipment • McCormick®
Farm Equipment and Farmall® Tractors



Portrait of an American who isn't served by Trucks

You don't see anyone on this canvas because actually there isn't anyone in this broad land of ours who *isn't* served by trucks.

Trucks keep the shopping center stocked with merchandise of all kinds . . . take the farmer's livestock, milk and crops to market . . . feed raw materials and parts to the manufacturing plant and move out finished products . . . provide goods and services for everybody's business.

Yes, the housewife, the farmer, the manufacturer, the businessman—YOU—everybody in America needs and benefits from the services of the motor truck.

AMERICAN TRUCKING INDUSTRY

American Trucking Associations, Inc., Washington 6, D. C.



THE WHEELS THAT GO EVERYWHERE



The state of the nation

America is too diverse for control by a centralized government

TO MAKE A 10,000 mile circuit of the United States by plane, as was my good fortune as a member of this year's U. S. Chamber of Commerce Aircade, is to gain many valuable impressions. The criss-cross experience is much more comprehensive than that gained by flying direct from coast to coast, or from the Canadian border to that of Mexico.

What one comes to realize, above all else, is the enormous variation in our continental country. And that realization, in turn, brings an even deeper appreciation of the extraordinary wisdom of those who endowed us with a political system tailored to this variation and designed to prevent undue monopolization of power by national officers inevitably ignorant of many local customs and characteristics.

A most obvious contrast, from section to section, is that of climate. It means little to read that on the same February day the maximum temperature is 15 below zero in Wisconsin, and 75 above in Arizona.

But to move swiftly from the zone of snow-decked pine to that of sun-kissed palm is to see how materially this spread on the thermometer affects the conditions of life. It has been said that you cannot legislate simultaneously for Esquimaux and Hottentots.

Something of that applies to those who on the same day, though only a few hours apart in time, are wearing earmuffs and shorts.



Differences in cultural background are no less pronounced. In Milwaukee the strong Teutonic influence is symbolized by a City Hall of purely Germanic architecture. Not least among the attractions of New Orleans is the lingering heritage from France. El Paso retains the Spanish impress in much more than name. Boston unconsciously clings to many characteristics as English as those of its modest forebear in Lincolnshire. In Europe such differences have blocked political unification.

Here, the principle of home rule has permitted union without uniformity.

Contrasts in physical environment are perhaps the strongest argument for the system of state sovereignty. The same plane carried our group from New England's rockbound coast to the Great Lakes, on across the fertile Middle West, then up to mile-high Denver and so over the seemingly endless mountains to Portland, celebrating Washington's birthday with flowering fruit trees. Thence we turned down the populous West Coast and back over the desert which gives way slowly to the burgeoning Texas prairie. That merges into the bayous of Louisiana and swampy lowlands along the Gulf. Finally there is the well watered Eastern seaboard, with its almost countless rivers and meandering tributaries. All of these varied features—upland and lowland, desert and swampland, mountains and oceans, prairies and rivers—stamp their different characteristics into men, who in

By Felix Morley



controlling nature are also always influenced by its many manifestations.

The Founding Fathers were never privileged to fly over even the relatively meager territory of the 13 original states. They nevertheless realized what the airplane makes dramatically obvious—that widely differing physical conditions of themselves make strongly centralized government improper. A high degree of local autonomy is not merely desirable but even essential if a union of diverse elements, constantly influenced by varying natural conditions, is to succeed. So it was written into the Bill of Rights that:

The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.

As the nation expanded to continental dimensions the value of this principle of limited government was quickly proved. The economic counterpart of our political theory is, of course, the free enterprise system. It is as un-American for the central government in Washington to dominate local business as would be its attempted dictation in any other field, such as education, where the power is reserved to the localities. And on this freedom from centralized regulation, with prices held down by competition and wages rising with productivity, the outstanding material prosperity of America was built.

Unfortunately, the very success of the system has operated to its detriment. It has responded so well to individual effort that many have come to think of prosperity as a right, and to forget completely that only the contrary emphasis on responsibility has made this popular illusion possible. To attain this imaginary right all sorts of self-defeating devices have been set up to drain the power from the people and center it in officialdom. It is forgotten that the wealth conscripted by Washington, and redistributed after costly administrative expenses, is only that which the localities have themselves surrendered. How great the brokerage fee is shown by the civilian payroll of the federal bureaucracy during the first half of the current fiscal year—\$5,606,000,000.

Many are properly worried by this rapidly advancing erosion of American principles. Therefore impressions gained from the Aircade tour are the more encouraging. They emphasize, as noted, the great natural obstacles which make the triumph of European-type socialism in this country difficult. And the opportunity to talk with business groups in many cities further emphasizes that this element of the community, at least, is well aware of the trend toward completely centralized government,

and is girding its strength and intelligence in opposition.

Between one locality and another there are, of course, differences of opinion. The viewpoint on governmental development of water resources is not the same in arid areas and in districts where irrigation is unnecessary. Agricultural districts find arguments for farm price supports which do not impress the city dweller. Exporters see the desirability of increased foreign trade more clearly than manufacturers whose domestic markets are cut thereby.

Much more striking than these differences, however, is the strong opposition to centralized regulation which is everywhere voiced by business leaders as a matter of principle. Clearly, this is no matter of narrow self-interest, but of concern for the general welfare. It brings open applause for Secretary Benson's withdrawal policy, even in areas where agricultural subsidies are heaviest. It stimulates opposition to government housing, even in cities with a serious problem of urban renewal. Most particularly this stand on principle shows up in the universal hostility to any form of federal intervention in the field of education, where it is rightly reasoned that only local vigilance and leadership can elevate the standards so deplorably debased in recent years.

This faith in the American tradition of local initiative is the more pronounced because exhibited during a period of business recession, when a tendency to seek aid from Washington—in matters other than stimulative tax revision—must reasonably be expected. Here again the happy diversity of our continental country enters the picture. While automotive, steel, textile, and railroad centers are hard hit, many lines of business seem virtually unaffected. In the Pacific Northwest you hear that the upturn has already come. While Florida nurses the wounds of a bitter winter, unscathed Arizona rejoices in an unprecedented tourist trade. Even in those communities that have been suffering most it is emphasized that a free economy involves downs as well as ups.

When the occasional downswing is serious and protracted the central government may properly be called upon to provide humanitarian relief, in various forms, for hard-pressed localities. But it is neither possible, nor constitutional, for Washington to assume direction of the nation's business. That power is reserved to the people who, unless strangled by confiscatory taxation and stifling regulations, will soon, themselves, achieve recovery.

To argue otherwise is in effect to say that a regimented, centrally controlled economy—like that achieved in Russia—is preferable to the American way. If any element in the United States leans to that weird conclusion one will not find it in the country's business leadership.



"Stop this team? Tornadoes don't even slow them down!"

says Ray Petersen



Mr. Ray O. Petersen
Petersen Products, Inc.
Grand Rapids, Mich.

"I was luckier than most people. Because shortly before the tornado struck, my Hardware Mutuals salesman, Chuck Kregel, dropped by. He explained that my business had grown in value to the point where it was dangerously underinsured... \$20,000 worth. Fortunately, I took his advice.

"A few days later the twister struck. In a matter of minutes it tore up homes and businesses my neighbors had spent years in building.

"First thing the morning after the tornado Chuck and two claims men called to check my damages. What a team they made! Sure, their fast work impressed me. But more than that, they were real human beings trying honestly to help me out of my difficulties.



"And here's the payoff... The very next day Hardware Mutuals made out a \$35,000 check for me. This included the \$20,000 I would never have received in the first place if it weren't for Hardware Mutuals professional way of doing business."

The Policy Back of the Policy®

Hardware Mutuals do not stop at fast claims payments. Promptness is just part of our *policy back of the policy*®—which means policyholders' interests are our first consideration. And thanks to Hardware Mutuals "3-Point Protection"—for your property, your liability to others, and your employees—you can get exactly the protection you need. Ask about convenient payment plans.

Insurance for your AUTOMOBILE...HOME...BUSINESS

Hardware Mutuals.

Stevens Point, Wisconsin · Offices Coast to Coast

HARDWARE MUTUAL CASUALTY COMPANY
HARDWARE DEALERS MUTUAL FIRE INSURANCE COMPANY

Hardware Mutuals NB48
200 Strong's Avenue
Stevens Point, Wisconsin

Please furnish details of "3-Point Protection" for my business.

Name

Street

City Zone State



How to open doors and find money

... thanks to Air EXpress with Extra-Fast Delivery!

Hear about the Californian who dared to dig for gold in — *Florida?*

From his plant in the West, this manufacturer bid on the job of custom-designing door locks for a fabulous Miami hotel. He had to race against an early opening . . . outservice *local* competition . . . stretch the hours to cover plans, changes, and shipment across the continent. Yet this manufacturer locked up the business by using Air EXpress every step of the way.

That's the beauty of Air EXpress. It multiplies your chances to open doors, and close sales anywhere in the country. For Air EXpress is the *only complete* door-to-door air shipping service to thousands of U. S. cities and towns. It offers you *extra-fast* pick-up with 13,500 trucks, many radio controlled — plus 10,212 daily sched-

uled flights — plus a nationwide private wire system. Yet, sending most of these shipments Air EXpress is inexpensive. For instance, 10 pounds, San Francisco to Miami, with overnight delivery, costs only \$9.54 door-to-door! Explore all the facts. Call Air EXpress.



GETS THERE FIRST via U. S. SCHEDULED AIRLINES

CALL AIR EXPRESS



...division of **RAILWAY EXPRESS AGENCY**

Washington mood

Three factors have plunged Republican strategists deep in gloom

SPRING, THE SEASON OF HOPE, has arrived again to glorify this city on the Potomac. It must be reported, however, that the Republicans are anything but hopeful as they look ahead to the congressional elections. Indeed, it is hard to remember when they have had such a melancholy outlook.

Pessimism in the Grand Old Party is so thick that Leonard Hall, former chairman of the Republican National Committee, recently warned that it was "about time for Republicans to take their chins off the floor."

The Republicans' goal, theoretically, is to recapture Congress from the Democrats so that they will control both the legislative and executive branches of government.

But they really have no thought of taking Congress away from the Democrats. How could they? If they were unable to do it in the 1956 landslide, when they had the benefit of President Eisenhower's coattails, how could they expect to do it in 1958 without his coattails?

So the main concern of the Republicans is not how to gain seats in the Senate and House, but how to escape losing those they now have.

Talking privately, some of the top Republican strategists say that, unless the outlook improves, the G.O.P. may lose as many as 60 or 70 House seats and some Senate seats as well. This is a shockingly large estimate. In the last midterm elections of 1954, when they yielded control of Congress to the Democrats, the Republicans lost 22 House seats and three Senate seats.

Strangely, Republican fears just now are greater than Democratic hopes. The Democrats are bullish, true, but they honestly can't see themselves picking up the 60 or 70 House seats that the Republicans are afraid of losing. The most they really hope to pick up is 35 House seats and five or six Senate seats.

What are the reasons for the deep gloom among Republican strategists?

The chief reason, and the most obvious one, is the business recession. Conditions may yet im-

prove so that the Republican Party can campaign on the familiar "Peace and Prosperity" slogan, and boast again that "Everything is Booming But the Guns." However, party insiders say that the upturn will have to come well in advance of the November election if it is to do any good.

A second reason for the bleak Republican outlook is discontent among farmers, expressed in angry cries for the scalp of Secretary of Agriculture Ezra Taft Benson—cries that President Eisenhower shows no signs of heeding. Farm-belt Republicans in the House, who recently called at the White House to complain about Secretary Benson, estimated that the G.O.P. might lose as many as 30 House seats in their area this year.

There is another reason for Republican pessimism, and it is related to President Eisenhower. To judge from letters that have been arriving on Capitol Hill and at Republican national headquarters, rank-and-file Republicans are becoming

By Edward T. Folliard



increasingly worried about the President and about the way he is handling his job. The letter-writers say that there are complaints that he is away from the White House too much and that he leaves too much of the decision-making to his chief of staff, Sherman Adams.

• • •

All of this delights Democratic National Chairman Paul M. Butler and his lieutenants. But in a way it also baffles them. Throughout the 1956 campaign, they hammered away at the theme that the President spent too much time fishing, hunting and playing golf, and that he was a part-time President. It did no good.

The American voters, when they went to the polls in '56, said in effect that they would rather have Dwight D. Eisenhower part time than Adlai Stevenson full time. Republican leaders believe that the same thing would happen again if a presidential election were held this year.

Anyway, Meade Alcorn, chairman of the Republican National Committee, is going on the assumption that the President still is an idol to the American people, and that he alone can head off a crippling defeat for the Republican Party this year. Accordingly, he is urging the President to make an all-out effort to help Republican candidates for Congress.

As the Democrats see it, a pat on the back from President Eisenhower is of doubtful value. They remind you that his endorsement was of no help to Walter Kohler, a Republican, who ran for the Senate seat of the late Joseph R. McCarthy in Wisconsin last August. Mr. Kohler took a licking from William Proxmire, a Democrat. The same thing happened in New Jersey last November. Malcolm S. Forbes, a Republican with the President's blessing, was badly beaten in his effort to defeat Gov. Robert B. Meyner of New Jersey.

Further complicating the Republican picture is the widening split in the party. President Eisenhower has warned that he will not support Republican candidates who refuse to go along with him on the issue of mutual security, popularly known as foreign aid. The two Republicans who head the Senate and House campaign committees this year—Sen. Andrew Schoeppel of Kansas and Rep. Richard Simpson of Pennsylvania—have said frankly that some Republican candidates would be better off without the President's blessing.

Suppose that the Republicans do get a bloody nose next November: what effect will that have on the presidential election in 1960?

There was a time when victory in a midterm election was regarded as an almost infallible sign that the victorious party would take the White

House in the next presidential election. It was that tradition that made the Republicans so cocksure of success ten years ago. Having taken Congress away from the Democrats in 1946, they had no doubt that Tom Dewey would win in 1948.

The tradition not only was shattered by President Harry S. Truman's upset victory that year, but again in 1956 when President Eisenhower won a second term despite the Democrats' capture of Congress in 1954.

Against this background, the pundits will be cautious in making any predictions on the basis of what happens this November.

As matters stand right now, Vice President Richard M. Nixon is acknowledged to be an overwhelming favorite for the Republican presidential nomination in 1960. Top Democrats think he would be a formidable candidate too. The strategists at Democratic headquarters are so sure that he will be the G.O.P. standard-bearer that they already have started doing a job on him. In attacking the Administration, they now aim their criticism at the "Eisenhower-Nixon policies."

• • •

A Republican businessman is being touted for the presidential nomination, much to his embarrassment. This is Neil McElroy, the big, energetic soap magnate from Cincinnati, who was drafted to be Secretary of Defense. He gets much upset at the McElroy-for-President talk, saying he has enough troubles at the Pentagon as it is.

Nevertheless, his admirers in the Gridiron Club kept the boom going at their recent dinner. In a spirit of fun, they sang this parody of an old favorite, "Danny Boy":

*Oh, McElroy, the White House is a-calling.
That ain't the phone—that's destiny you hear.
You conquered soap, you stopped the service brawling.
There's just one job to top off your career.
Now here's the pitch: Like Ivory Flakes, you're salable.
A brand new product, folks will rush to try.*

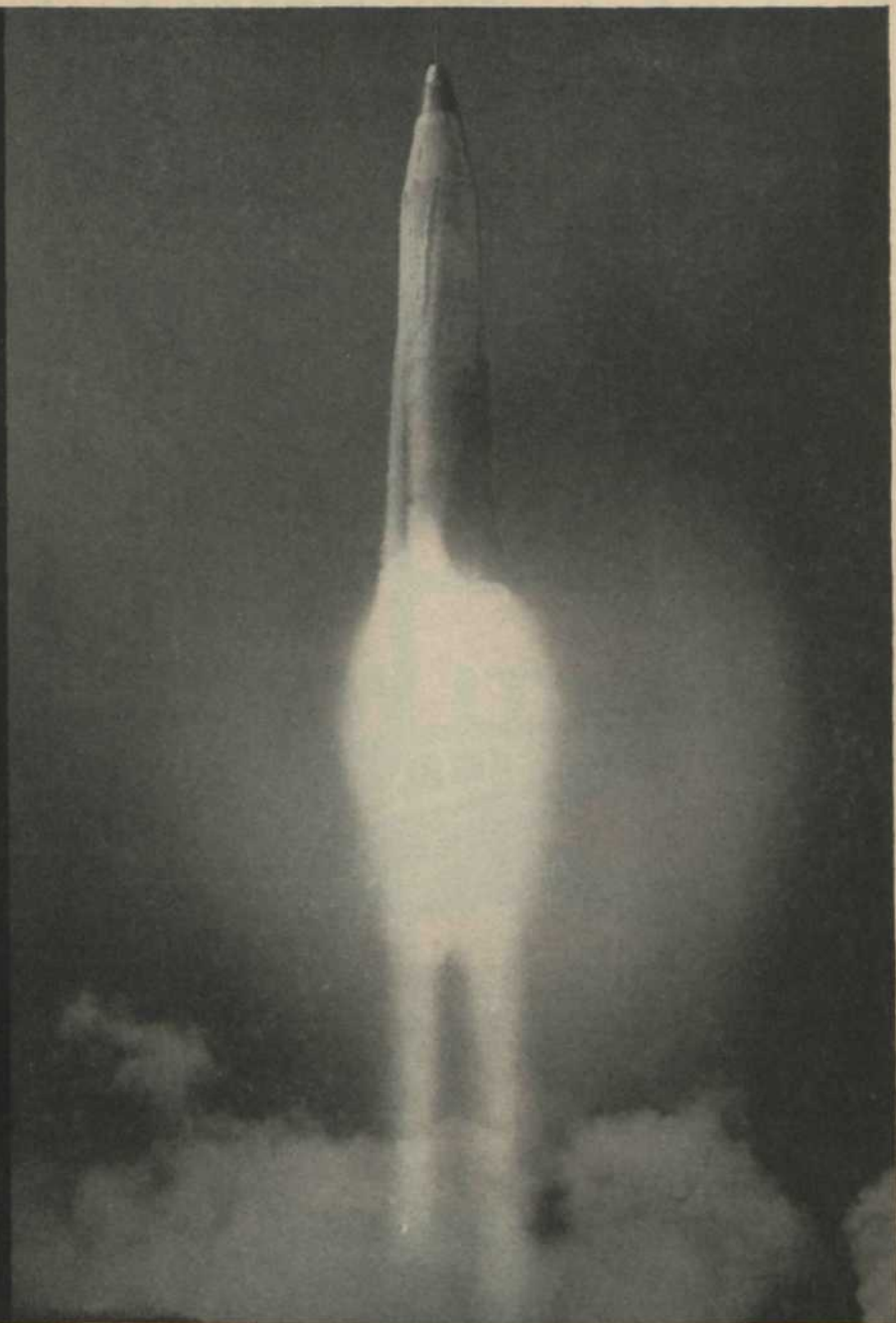
*And for a label, one plain word—
AVAILABLE.*

*Oh, McElroy. Yes, McElroy—
You satisfy.*

The Democratic paddock is crowded with possible entries for the 1960 race. They include Senators John F. Kennedy of Massachusetts, Lyndon Johnson of Texas, Hubert Humphrey of Minnesota, Estes Kefauver and Albert Gore of Tennessee, and a number of governors.

Old-timers in politics are always reluctant about naming presidential nominees two years ahead of the conventions. They remember that Wendell Willkie came charging out of nowhere to grab the Republican prize in 1940. And they also have in mind the classic case of Grover Cleveland, a comparatively obscure lawyer, who was elected Mayor of Buffalo in 1882, Governor of New York in 1883, and President of the United States in 1884.

ICBM "ATLAS" TESTS ITS BIG PUSH



CONVAIR'S ATLAS on its test flights renews confidence in America's strength—and sets up new milestones for space travel

Convair, a division of General Dynamics, is an old hand at triumphs... from the epic B-24s and flying boats of World War II to the latest turboprop and jet transports... jet fighters... guided missiles... the world's first supersonic bomber, the B-58... and the mighty Atlas.

Developing, researching, building and testing such sensations in aviation and astronautics is a business

full of risks. That's why Convair turns to the insurance leader—North America—for INA's well-known *extra value* in protection and service.

INA provides many kinds of protection for Convair. INA's policies and services are tailored precisely to Convair's needs—just as they can be to any business of any size. What can the *extra values* do for you? Ask your INA agent or broker.

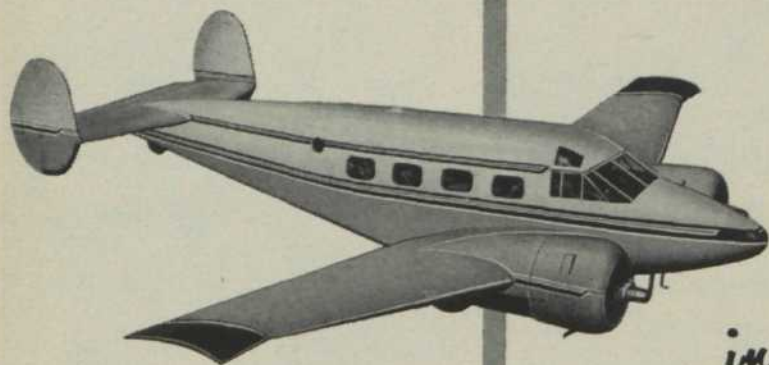
* * *

Insurance Company of North America • Indemnity Insurance Company of North America • Philadelphia Fire and Marine Insurance Company Life Insurance Company of North America • Philadelphia

INSURANCE BY NORTH AMERICA



Beechcrafts for '58 — **FINEST Business Planes Built!**



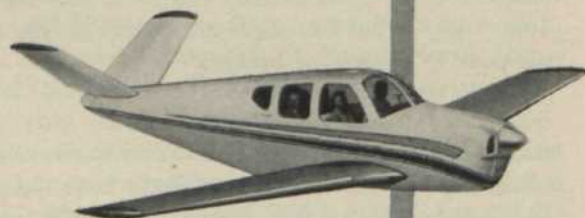
The eight-place *Beechcraft Super 18*
RANGE.....up to 1,626 miles nonstop
SPEED.....up to 234 miles per hour



The six-place *Beechcraft Twin-Bonanza*
RANGE.....up to 1,650 miles nonstop
SPEED.....up to 240 miles per hour



The four-place *Beechcraft Travel Air*
RANGE.....up to 1,410 miles nonstop
SPEED.....up to 209 miles per hour



The four-place *Beechcraft Bonanza*
RANGE.....up to 1,060 miles nonstop
SPEED.....up to 210 miles per hour

invites **BEECHCRAFT COMPARISON**

Distinguished, beautiful, rugged, fast, comfortable, and full of travel benefits — Beechcraft's line of business airplanes for '58 offers discriminating executives more in profitable, efficient travel.

more **POWER**
more **SPEED**
more **COMFORT**
more **BEAUTY**
more **SAFETY**

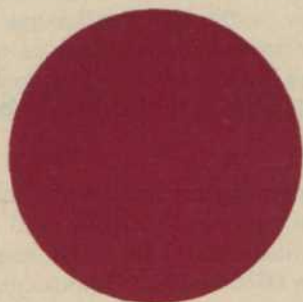
The New BEECHCRAFT BONANZA with exclusive new fuel injection — delivers a smoother 200 miles per hour cruising speed... the fast, All New BEECHCRAFT TRAVEL AIR, the quietest plane in the skies — outstanding in the "light twin" field... the rugged and dependable New BEECHCRAFT TWIN-BONANZA with its fast, pilot-preferred performance... and the proud queen of the Air Fleet — the magnificent BEECHCRAFT SUPER 18 Sun Chaser — transcontinental mobility in the finest style in the skies!

Your Beechcraft distributor or dealer will be happy to demonstrate any of these airplanes and to explain the finest leasing and financing plans in aviation. Or write to Beech Aircraft Corporation, Wichita 1, Kansas, U. S. A.

Beechcraft



BEECHCRAFTS ARE THE AIR FLEET OF AMERICAN BUSINESS



BOOM CAN COME BEFORE YOU KNOW IT

These economic situations bring unforeseen patterns

WE SLIPPED INTO a serious recession before most economists or businessmen realized what had happened. It is possible that we could start on our way out without knowing it.

The unexpected change in the direction of our economy has people asking several questions:

- ▶ How could we get into a situation which would bring unemployment of more than 5 million before we knew it?
- ▶ Now that we are in it, why can't we agree about how deep the recession may be and how long it will last?
- ▶ What can we do to reduce the chances that this sort of thing will happen again?

The answer to the first of these questions is now fairly obvious:

The present situation developed because of five nearly simultaneous impacts. The economy could have taken any one of them, probably any two. It might, conceivably, have taken three. One of these shocks was almost completely unexpected. Businessmen and economists anticipated the others, but miscalculated their timing.

A review of some recent economic history will show when and where the blows fell; thus explaining how we got where we are. It will also explain present dis-

agreements about our actual situation and indicate how we can prevent a repetition.

How we got here

The unexpected shock to the economy was a mild buyers' strike. Those which were anticipated but the timing of which was missed were:

- ▶ A decline in business investment.
- ▶ A decline in business inventories.
- ▶ A decline in government expenditures.
- ▶ A drop in foreign investment.

Buyers' strike: Consumers began to cut their purchases in late 1957. This mild buyers' strike developed without warning.

Retail sales had risen sharply in July and August. The department store index went up from 131 in April to 138 in June and to 144 in August.

The index dropped to 129 for October, but the October index was not available until well into November and, when it did come out, there was considerable uncertainty about its implications. Weather conditions accounted for some of the drop. It was thought possible that the situation might be temporary.

Business investment: Business investment in physi-

cal terms began to drop in the spring of 1957 but this was concealed somewhat—early in 1957, particularly—because the reports of business plans received by the Department of Commerce and the SEC continued to indicate that businessmen were planning to increase their dollar outlays. Experience has shown that, so long as confidence is good, outlays may rise faster than businessmen expect and report—especially if prices rise more than expected.

The December 1956 Commerce-SEC report indicated that investment expenditures in the first quarter of 1957 were planned at an annual rate nearly \$1 billion higher than the fourth quarter of 1956. The March 1957 report forecast a similar increase in the second quarter of 1957 over the first. It also indicated a rise from the third to the fourth quarters, and from the fourth quarter, 1957, to the first quarter 1958. But this rise was only \$500,000. As prices were increasing, this meant an actual decline in physical volume. The June 1957 report showed some difference between facts and forecasts. It indicated that first quarter 1957 outlays had been more than \$1 billion less than forecast.

The September report showed no rise at all in current dollars from the first to the fourth quarters of 1957. It showed, moreover, that outlays in the fourth quarter of 1956, despite a rise in prices, had been nearly \$1 billion less than forecast.

This decline was subject to several interpretations. Some analysts felt that business capacity far exceeded requirements and that this alone would have warranted a recession before 1957. Other equally competent analysts found that a surprising, increasingly high proportion of investment was going for new products, new methods, cost-cutting devices, and for replacement rather than expansion of capacity. They concluded that capacity was not excessive for an optimum employment economy although it obviously was for an economy operating five per cent below the optimum. They felt that a decline in business could trigger a reduction in business investment but that this alone would not cause a decline. If other things worked well, investment would decline somewhat, stiffen and resume its rise, possibly in 1958, almost certainly in 1959. If business did decline for other reasons, they felt business investment was likely to drop appreciably in 1957.

The weakening in this segment of the economy was mild enough to have been reversed had other strengthening factors appeared. A little push might have held expenditures up through 1957; a little push did send them down.

Inventories: The reduction in consumer expenditures and the earlier, and greater-than-anticipated, reduction in fixed business investment triggered a readjustment of inventories. There had been some warning of this.

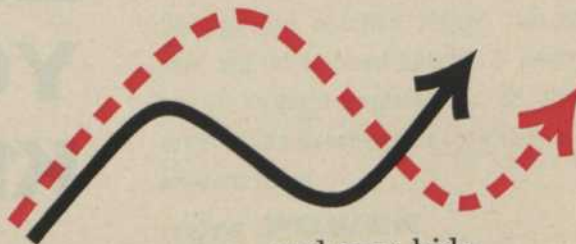
On a seasonally adjusted basis, new orders reached their peak in August 1956 although in some categories, such as primary and fabricated metals, the peak came later—October 1956 for machinery; about January 1957 for nondurable industries. Unfilled orders reached their peak in 1956, and began to drop rather sharply in April 1957. It was obvious by the middle of 1957 that, unless orders turned around, the unfilled

order backlog would soon reach the point at which production would have to be curtailed.

It was not obvious that the volume of orders would not rise before this point was reached. Actually, industry was so confident of its position that prices continued to be increased. The Federal Reserve Board weighed the steady increase in prices heavily in its scale of values in concluding that inflationary pres-

NEED: QUICKER FACTS

Lag in statistics
concealed start
of downturn . .



. . and may hide
first signs
of recovery

ures were still more dangerous than the risk of a depression.

The rise in prices tended to obscure the implications of the falling backlogs of orders. As long as business raised prices, it was logical to believe that business must expect that orders would be forthcoming. But the flow of orders did not rise and, almost overnight, enough firms decided to supply a good proportion of their sales by liquidating inventory rather than by production. The shift was so abrupt and decisive that it appears to have resulted in the equivalent of a drop in annual production of \$6 to \$8 billion in one quarter alone. Were such a shift to continue for four quarters, it would mean a drop in production of \$25 billion or more in one year.

While final consumption held up fairly well in most fields, the production to support this consumption was cut back sharply. Employment dropped as did the income of workers. As a result of this, purchases dropped more than they would have otherwise.

Government expenditures: Government expenditures dropped at the same time. This decline was somewhat greater than expected. The first report in the July Economic Indicators, published by the Joint Economic Committee, showed federal expenditures at an annual rate of \$51.5 billion in the second quarter. Later reports cut this to \$51.1 billion. The first report for expenditures in the third quarter was cut, too, and the preliminary figure for the fourth quarter, appearing in the January Indicators, was reduced in February by \$300 million.

More significant than the cut in expenditures was

the shift in the type of goods the government was buying. A dollar of expenditure in the fall of 1957 meant less manpower and less material than a dollar spent in the fall of 1956. Missiles use much less in the way of body frame and engines but they do take higher grade alloys and finer, or at least newer and more expensive types of craftsmanship. This has meant a reduction in capital facilities and in inventories needed. Even a constant expenditure, therefore, would have resulted in a drop in purchases, inventories and employment. The decline in expenditures accentuated this drop to a degree which is not yet fully comprehended.

Foreign investment: New foreign investment dropped, too, during 1957. The fourth quarter figure, as currently reported, was about \$2 billion below the first quarter figure on an annual rate, and \$500 million less than originally reported. This decline had been expected and allowed for, though at a lower rate. Nevertheless, it added to the strain under which the economy was operating.

Why the confusion

As all of these repressive forces built up, a lag in statistics and information hid the precise picture from businessmen and economists.

Fortunately, the economy as a whole is not run, and somewhat unfortunately, is not analyzed as is a profit-making business. We don't try to plan the economy and dictate who does what, when. We do try to provide an environment in which better and better opportunities are available so that the growth that results will be along the lines the consumer wants. But, because the general well-being is everybody's business, the general well-being is reached by various methods, not by one. And the recording of the paths taken is inadequate.

As a matter of fact, only a few, except statisticians with no particular political strength, pound the table for better data to enable us to know where we are and where we are going.

The well managed firm may have data on the preceding day's operations on the chief executive's desk by noon the next day. The U. S. economy may not have preliminary data on many aspects of last year's operations until next summer. It may not have revised data for one or more years after that.

That means we must estimate where we are today by projecting data several weeks or months, and in some cases, years old.

For instance, the last complete housing census was taken in 1950. The last census of manufacturing, which included many sample rather than complete reports, was taken in 1954.

In some areas data are relatively current. Data on money and banking are maintained in relatively satisfactory form. But the meaning of even these data can vary greatly. The velocity of money use, for instance, can change sharply.

A good many data on production are available monthly but here, too, the data may be difficult to use. The mix behind a given report may change from month to month. So, even for segments of the economy in which reporting is prompt, the accuracy may be such as to make it difficult, if not impossible, to

judge whether trends have changed or whether the data are being misinterpreted.

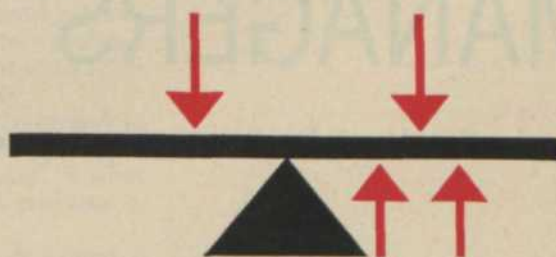
Lacking accurate information, all of us tend to project what we expect. If we are optimistic, we may be projecting the past in an optimistic fashion. Ordinarily, this is not dangerous. Momentum keeps things going for quite a while. People may be out of work for some weeks before they cut their expenditures, so sales may hold up even though unemployment is rising. A contract, once let, may take months to complete. Work started may take a considerable time to finish. It is usually safe to say that what is happening today will continue to happen for some time. The trouble with this, of course, is that a projection of the past does not work at the time a change comes.

In part, but only in small part, confidence that we could project the economy as strong through the fourth quarter of 1957 may have been due not only to our confidence in momentum, but also to the many pieces of good fortune which helped sustain business in 1949 and 1954.

Many fortuitous actions helped in 1949 and 1954. Transfer payments rose by an annual rate of about \$2 billion in 1949, and nearly \$3 billion from the third quarter 1953 rate in 1954. Such developments were not in the cards in early 1958.

The Federal Reserve Board helped in 1948 and 1953 but in 1957 the support which easier credit and

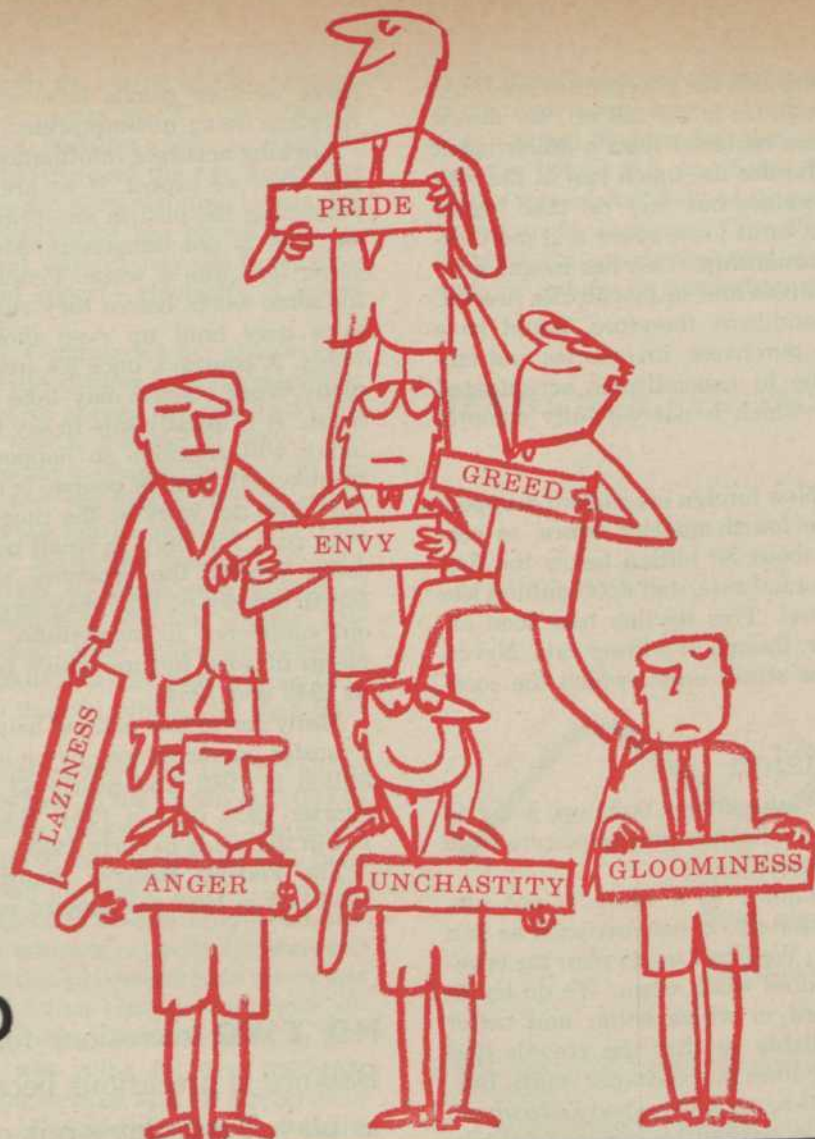
NO TWO recessions follow same path. Balance is precarious because of factors at play. Yesterday's mix of forces repeated today may produce different results



money policies provided in 1949 and 1954 was not available in the winter of 1957-58.

Another difficulty lay in the fact that any recession may be difficult to see at first. No two come down the same path.

Fixed investment dropped by more than eight per cent from the peak level in 1948 to the low point in 1949. It dropped only about three per cent from the peak level in 1953 to the low in 1954. Construction dropped eight per cent in 1949; it rose in each month in 1954. Federal expenditures dropped 25 per cent in 1954 but rose more than 50 per cent from the low point in 1948 to the high point in 1949. Consumer expenditures for nondurables dropped by four per cent in 1949 and rose by two per cent in 1954. Unemployment rose sharply and rather steadily on a seasonally adjusted (continued on page 95)



HOW TO AVOID

MANAGERS' 7 DEADLY SINS

Basic faults block your progress. Here's what authorities advise

TODAY'S BUSINESS EXECUTIVE lives in an environment as exasperating as he himself allows it to be.

Typically, he tries to operate efficiently in the rational and orderly atmosphere that is modern management. But inevitably he keeps getting entangled in emotional, human problems.

Because of the individual and competitive demands within a business enterprise and between businesses, emotions are strained and personalities are tried with great frequency. More often than he would like, the executive finds himself trying to cope with his own shortcomings as well as those of the people on whom he must rely to give him information or carry out his plans.

Seldom does the business execu-

tive recognize that his troubles with human elements can be traced to problems as old as mankind. All the emotional conflicts and personal faults which disrupt effective business operations are rooted in a few basic weaknesses of man. Theologians narrowed these failings to Seven Deadly Sins: pride, envy, laziness, anger, unchastity, greed, and gloominess. Though sometimes known by other terms, these sins are as dangerous and prevalent now as they always have been.

Unless the manager or owner of a business can identify and control destructive human weaknesses in himself and others in his organization, there are no methods, equipment or techniques in either good times or bad that will make him

successful. Fortunately, however, although he can't remake himself or others, he can learn to look honestly at his own faults and those of others and ease his deepest problems and anxieties.

NATION'S BUSINESS interviewed psychologists, management consultants, psychiatrists, clergymen, college professors and executives in an attempt to identify the human weaknesses in business and seek out ways to conquer them.

If industry leaders classify administrative problems confronting their organizations, they will probably list 10 per cent as technical and about 90 per cent as human, suggests Prof. Thomas T. Holme, chairman of Yale's Department of Industrial Administration. Some ex-

executives would put an even higher percentage of their problems in the human category.

When the human problems are centered in the managers themselves, their seriousness is increased many-fold. E. Everett Smith, a director of McKinsey & Co., management consultants, points out: "Great leaders often have great weaknesses as well as great strengths, and there is a tremendous urge by those below to emulate their leaders." So managers' weaknesses can have a multiplying effect throughout an organization.

Pride

As an occupational weakness, the executive is probably most susceptible to the sin of pride, psychologists say. Pride manifests itself in many ways.

One afternoon recently, the president of an eastern manufacturing company gruffly summoned his department managers to his office. He berated his subordinates for their failure to produce new ideas. He cursed a competitor and pledged to drive him out of business. And he praised the company's product, insisting it was as good now as it was 10 years ago when he himself designed it.

As the scolding continued, it became apparent that the president's pride of design in his product had kept it from being changed in 10 years. His pride also was driving him into an unnecessary race with another competitor for unsound business reasons. His attitude suggested that his pride in his own judgment had stifled the very ideas he was seeking from his people.

"Unfortunately, executives are seldom aware of the necessity of improving themselves," says Dr. Francis Bradshaw, psychologist with Richardson, Bellows, Henry and Co., management consultants. "Often, the deeper the rug on the floor, the less the humility."

Dr. Bradshaw calls this loss of humility, the "Moses complex," since Moses, too, lost his original humility as God gave him more power. "Too often," Dr. Bradshaw says, "the executive fails to realize that he is merely the means to an end, that he gets things done through his salesmen and researchers. Often he becomes awed by his own authority. His pride makes him insensitive to those below him and makes him sit on the ideas that might otherwise come up to him. He blocks new ideas, then complains that his people lack initiative. This makes for two layers in an organization that become more and more hostile to each other."

There is a growing tendency in some companies—General Electric, for example, does it—to establish manager appraisal techniques. GE calls it managerial climate review. Periodically a manager at any level calls in his immediate subordinates and asks them for suggestions on how he can be a better manager and operate more effectively.

Similarly effective in helping executives to see personal faults such as pride is the popular training method known as role-playing. In role-playing, businessmen take the parts of others in handling simulated business problems. By stepping out of his usual role, the executive sometimes can be made to see the flaws in himself.

A variation of this technique was employed by the president of a middle-sized manufacturing concern in a case involving a veteran purchasing agent.

The president had asked the purchasing agent, nearing retirement, to break in a younger man as a replacement. Hostile to the idea and conceited about his own very real talents, the purchasing agent gave the new man only minor matters to look after and kept him in the dark on the more important aspects of the purchasing agent's job.

The young man seized the first absence of his tutor to go to the company president with a batch of minor decisions which needed approval.

"You mean you don't have the power to okay these yourself?" the president asked.

"No sir," the young man replied. The president immediately realized that the purchasing agent wasn't delegating to his understudy.

When the older man returned to work, the president called him in.

"Sit down, Joe," he said. "I want to get your advice on a problem in one of our divisions."

The president then described a make-believe problem comparable to the one involving the prideful purchasing agent and his successor. He hadn't gone far before a bell rang in the purchasing agent's head.

"My gosh, boss," he broke in, "the fault you're describing is one I have myself." The older man was at that instant on the way to correcting his defect.

The experience of the president of one of the nation's biggest electronics manufacturing organizations shows how the corrosive effects of pride can be headed off.

This man, who had come up through the sales department, named a successor as head of that department. The first big decision the new sales vice president made came to

the president's attention. The president did not like it—it was not the kind of decision he would have made, although it was not one which could be demonstrated as sure to backfire.

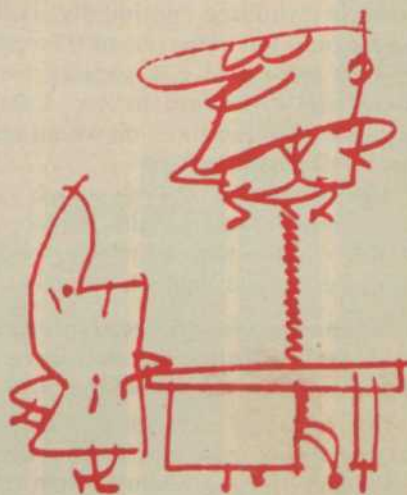
The president started down the hall to argue about the decision, but suddenly stopped and thought: "I'm not running sales any more. How do I know this kind of move won't work? Is it a bad decision just because it's not the kind I would have made?" Result: The president went back to his own office. The decision turned out to be a good one.

"Pride is the most insidious of all the managerial sins," one management consultant said. "It's insidious because it usually creeps up on an executive, burrowing into his personality slowly and without notice. When it gets in deep enough to take root and become habitual, you have real trouble."

Excessive pride can be identified in answers to these questions:

- ▶ Am I unwilling to listen to another person's ideas?
- ▶ Am I usually impatient with another person's suggestions?
- ▶ Do I react emotionally when subjected to constructive criticism of my own work?
- ▶ Am I riding on the glory of my past achievements?

PRIDE



- ▶ Do I drive people under me to unrealistic extremes just to produce records which will satisfy my pride?
- ▶ Do I try to surround myself with people who think as I do?

"Yes" answers are danger signals.

External symbols of pride may include a flashy office, conspicuously expensive clothes or habits and fre-

(continued on page 48)

TAX SQUEEZE CHOKES PROGRESS

What present rates mean to growth
and vitality, to future management

An interview with Crawford H. Greenewalt, President, E. I. du Pont de Nemours & Company, Inc.

MR. GREENEWALT, what do you regard as the most serious threat to the growth and vitality of the American economy?

From a long-range viewpoint, the thing that concerns me most is the steeply progressive rate of personal income taxes.

We shall need a tremendous amount of new capital investment during the next 10 years and much of it must go into completely new ventures. Under present tax laws, the unfortunate fact is that the number of people who can afford to invest in new and risky ventures is dwindling continually. Risk capital does not and should not come out of the rent money. If we are to find sources of risk capital, we must get it from those who can afford to lose. I think those who can afford to lose are those on whom our personal income taxes fall most heavily.

In my opinion, the very high rates levied against upper bracket salaries also are jeopardizing the future supply of executives on which our country's continued economic growth and development depends.

You emphasized the word "future." Do you think high taxes already are discouraging some promising managers from seeking promotion?

I've heard of occasional instances in which men turned down bigger jobs because they figured the after-tax salary increase wasn't worth the extra strain and responsibility. But I'm not primarily concerned about my generation of executives.

We're hooked. By the time a man has reached a position of eminence within his organization, he is influenced by his sense of loyalty, his sense of obligation, his interest in his work, to keep on doing his best.

The same applies, I think, to the executives who will be our immediate successors. They, too, have reached the point where the challenge of their jobs probably will keep them going.

My real concern is for the future. Unless business

can offer a stronger financial incentive for advancement than present tax laws permit, young men of real ability may be increasingly tempted to settle for security at a modest level rather than exercise their maximum capacities in the long, tough struggle to reach the top of the management ladder.

You think the money incentive is essential to attract top quality talent into management careers?

It is perhaps unfortunate that human beings should require lures of any kind as the price of initiative, but I'm afraid we haven't yet reached the state of grace in which we can dispense with external motivations for extraordinary effort.

There are other types of incentive besides money, of course, and they work well in some fields. In the academic world, or in science, the promise of prestige and recognition may induce outstanding performance even though the pay is unjustifiably low. A man may be motivated to enter a political career by a desire to render public service or a desire for power.

But business is in a poor position to compete in these intangible rewards. It traditionally has had to rely mainly on financial compensation to attract gifted men and to stimulate them to exceptional achievements.

Does this tax brake on executive development operate only in the highest salary brackets—say, \$100,000 a year and up—or does it affect the whole management spectrum?

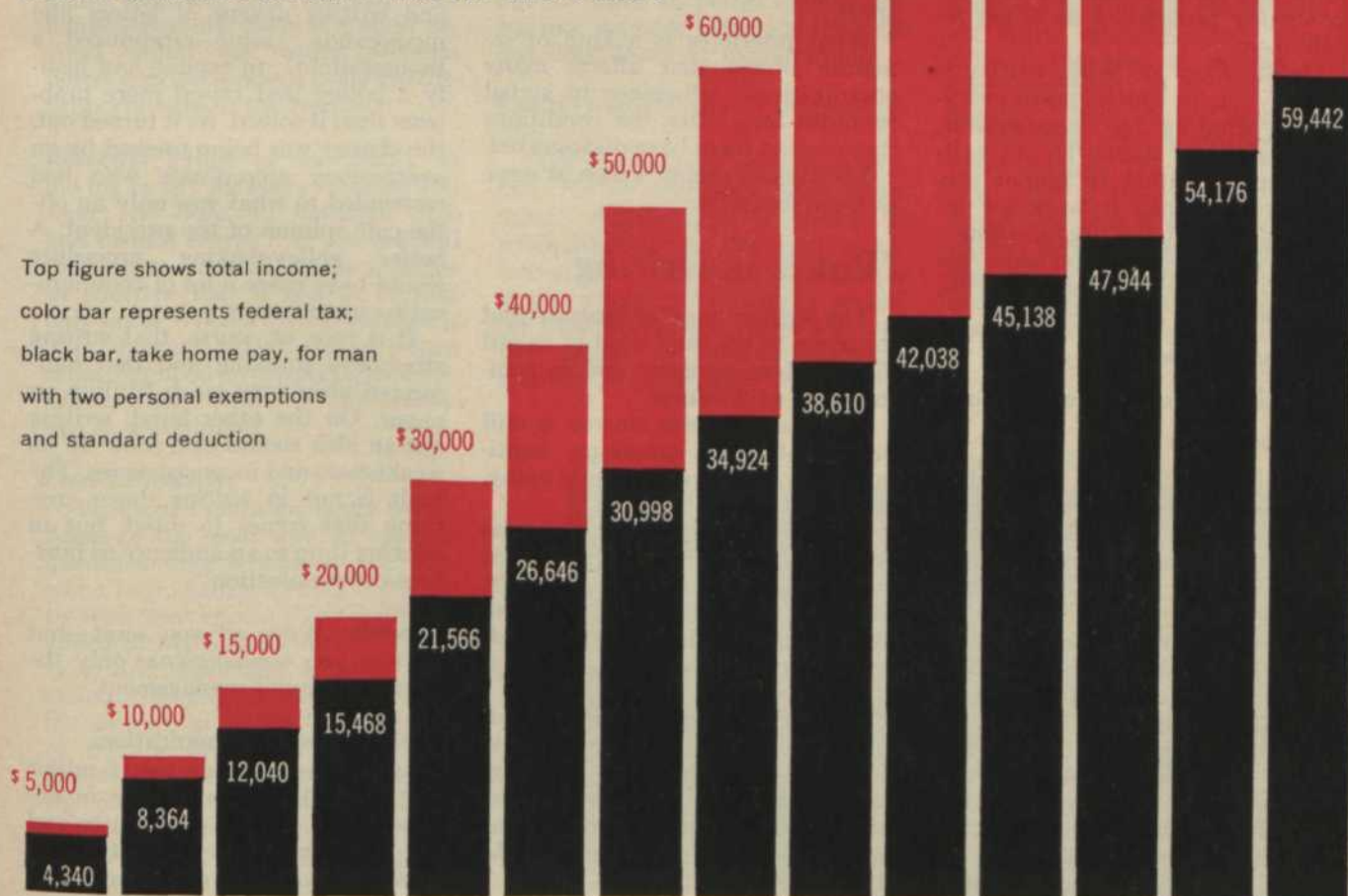
Well, the problem is most acute, of course, in the upper brackets. But the 91 per cent rate that prevails at the top actually affects the entire executive salary picture.

Du Pont, for example, recognizes 16 different levels of responsibility in its organization, and tries to maintain a sufficient pay differential between these levels to make it attractive (continued on page 74)



GILLETTE-LENS GROUP

Mr. Greenewalt says steep tax rates, as illustrated at right, dry up risk capital sources for new ventures, may mean future second-rate management if able young men find that rewards aren't worth the effort



Writing skills cut management waste

You can speed your administrative efficiency, and save time and energy, by correcting common writing faults

THE MANAGEMENT of written communications needs rethinking in the light of today's requirements.

Too much is being written that ought to be communicated in another way or ought not to be communicated at all.

Too much individual effort is going into kinds of writing that could be systematized with improved results; and too little thought is given to writing proficiency as a job requirement.

Unlike other job skills, writing is the only one in which almost everybody, including top management, claims amateur status. To put written communication in proper perspective—to make it work for instead of against the organization—management needs to find some new ideas to take the place of old myths.

These myths are three:

- ▶ It's best to put it in writing.
- ▶ Nothing beats the personal touch.
- ▶ Anybody can write.

Applied too literally, these ideas consume a lot of time and money that could serve business far more profitably. What is worse, they actually reduce communication effectiveness.

One well known bank, for example, sends out more than 2.5 million letters a year, exclusive of printed forms. This does not take into account a sizable number of interoffice memos and reports. With nearly 3,000 employees, the count comes to probably 1,000 written messages per employee per year. If the cost is put at \$1.25 per message (a conservative

figure), its written communications are costing the bank \$1,250 for every employee from page girl to president.

This money might be considered well spent if all the messages reflected the time and personal attention that go into them. The fact is, however, that the company is being shortchanged. Actually it could get better results with much less effort.

What interferes is a kind of semantic illness that affects many organizations: adherence to verbal formulas long after the conditions that created them have disappeared.

Let's take a skeptic's look at some of these formulas.

"Put it in writing"

The written word in business had its origin in the dual need to record documentary material and to communicate at distances.

The need to keep records is still present—though questions legitimately arise as to how, how many, and how long.

The need to communicate is also present—but in an age characterized by close-knit business communities, advanced methods of picture reproduction, and a wide variety of sound-communicating systems, writing is often unnecessary and inefficient.

Further, written messages of all kinds are so easily duplicated and distributed that they tend to pile up on desks and to clutter drawers and files. Some inform, some irritate, some are never read, and all take time and money.

Fault: Word therapy.

Businessmen tend to put too much faith in the power of the written word. Often they write as if the very act of writing will cure what is a wrong policy, an overcomplex procedure, or a bad decision.

A manufacturing company that decided to change a ruling on holidays and overtime found itself spending hundreds of man-hours and writing dozens of letters and memoranda (some reproduced a thousandfold), to explain and justify a policy that raised more problems than it solved. As it turned out, the change was being pressed by an overzealous subordinate who had responded to what was only an off-the-cuff opinion of the president. A better policy-making procedure would have made a lot of communicating unnecessary.

It is true, of course, that writing stimulates thinking and that half-formed ideas may reach fruition on paper. On the other hand, writing out an idea should also show up its weaknesses and inconsistencies. The fault is not in writing down anything that comes to mind, but in offering it up to an audience as business communication.

Remedy: Write all you want—but be sure you *communicate* only the results of sound management.

Fault: Hyper-communication.

Most businessmen are familiar with the "thank you" letter in answer to the "thank you" letter and the send-a-copy-to-everybody technique of thoughtless communicators.



Don't write endlessly because it's easy

In other instances the public relations and advertising offices send out a heavier stream of written communications than the recipients can cope with—this on the theory that if you send a message often enough, some of it is bound to sink in.

Perhaps a more valid theory is that business should do a job, not do it again and again. Helpful as many good will and reminder communications are, there is a point beyond which the reader becomes bored and the sender's costs are disproportionate to the results.

Remedy: Think of the reader as having to pay for every message you send (he does—in valuable time and mental energy). If you are still inclined to write, make the message so effective that it has to be said only once. When a direct response is desired, make liberal use of return cards, stamped envelopes, and short-answer reply forms to keep follow-ups at a minimum.

Fault: Prolivity.

That's just plain too many words. Some of the most concise business messages were written in the days when businessmen turned them out by their own hands. They could not afford to make them wordy. Dictation, and especially machine dictation, changed all that. Nowadays it's as easy to dictate 200 words as to dictate 100—sometimes easier. But, while the dictator is cuddling the microphone, he is piling up a huge transcription bill, wasting his reader's time, and dissipating the strength of the message.

Remedy: Get rid of school-bound composition formulas. A letter or memo does not need a beginning, a middle, and an end. All it needs is a message. Why take three paragraphs to say "Go ahead" when "Go ahead" says it all. Also, stop thinking you have to fill the page. Stock a supply of half-size (or smaller) letterheads, and trim your dictation accordingly. Get in the habit of using small slips for brief handwritten messages that do not have to be put through the stenographic mill at all.

Fault: Wrong medium.

The notion that any message in writing is superior to a telephone call or a visit next door dies hard. In practice, writing can be the most expensive of all communication media. It consumes time in composition and in the lapse of days or weeks while the answer is in process. Writing is also a one-sided medium, with response uncertain in the extreme and often disagreeably final when it comes.

Remedy: Give proper weight to the advantages of telephone and in-person communication when time and flexibility are important. The give-and-take of a conversation or conference leads to better understanding and sounder decisions than the one-sided letter or memorandum.

Fault: Overextension of communication lines.

"It's our policy," said the executive, "to let everybody know everything." Although he was not to be taken literally, his company is suffering from too much information in the wrong places. Costly technical literature is finding its way into the hands of uncomprehending schoolboys. Customers are treated,

via house organ, to newsy notes about pregnant secretaries. Top-echelon officers are buried under memos from overcommunicative underlings.

Nobody is quarreling with the concept of a sound information or communication program, but let's keep it in hand. Written communication should be purposeful and relevant. It should also hit the target, not maim him.

Remedy: Design written and printed communications to fill specific needs, and limit distribution to carefully selected audiences. Provide machinery for screening incoming communications—summarizing, underlining, or discarding, where necessary—to save management's time.

"Nothing beats the personal touch"

Whether this is so depends on what you mean by the personal touch. Efficient management needs to distinguish between two types of business writing.

The first is original or creative writing. It requires all the personal attention one can give it. It is time-consuming, and it is terribly unscientific. There is often more chance involved in a single memo than in an entire manufacturing process. This is the kind of writing every executive must do at one time or another. There are few short cuts.

The other kind of writing is repetitive writing. This kind characterizes most of the company's correspondence and a fair share of its memos and reports. The situations that give rise to repetitive writing are those that have been dealt with many times before. Proper names or figures may be different each

(continued on page 72)

Overcommunication can bury an executive



The case for federal

In September, 1957, NATION'S BUSINESS published a condensation of a Library of Congress Legislative Reference Service report on the subject: "Adverse Effects of Expanding Government."

Among the nine areas covered by the report was "The Case Against Federal Reclamation." This section of the report brought widespread protests from the advocates of federal reclamation.

Here NATION'S BUSINESS presents the point of view of reclamation's proponents, in reply to the September article. It has been prepared by a highly qualified authority on the subject.

Governor Clyde takes issue with NATION'S BUSINESS because we did not print, in connection with the condensation, the letter of transmittal that accompanied the report. This letter disclaimed responsibility for the points of view expressed and stated that "this report does not expressly or by implication present the opinions of the Legislative Reference Service as to the merits or demerits of legislation underlying the questions asked."

That is routine. The Reference Service disclaims such responsibility in all reports on subjects on which they have been asked to explore a given situation such as the Adverse Effects of Expanding Government. It is a reference service, not a policy-forming body.

By the Hon. George D. Clyde, Governor of Utah

THOUGHTFUL WESTERNERS—plus many informed easterners, have lately been shocked, exasperated, angered and embittered, by a new wave of attacks on reclamation.

We should, perhaps, have long since been conditioned against such assaults. To us, reclamation in our nation is the bringing together of land, water and people to produce foodstuffs, fiber and power, thereby sustaining life itself. To virtually everyone born or reared in a land of scant rainfall it seems as illogical to question the benefits of reclamation as it would seem, to a Hollander,

quite senseless to argue the benefits of reclaiming land from the Zuider Zee.

We in the West believe reclamation's enemies are blindly or blandly overlooking the economic facts of life in an entire region comprising one of their own prime markets. For a time we thought that our viewpoint was prevailing.

For a time we in the West cheerfully, if naively, had begun believing the era of obstinate obstructionism to the constructive use of water resources was ending. Water shortages in the industrial seaboard and rural

Midwest, coupled with the patently successful work of welding water to land in our region, should mean an end to the stupidity, or cupidity, of enemies of reclamation.

The very program under attack has meant the fullest blessings of the American way of life for countless western farm and city families, plus a blossoming of large-scale industry and agriculture.

Obviously, reclamation is still a matter on which debates will continue raging until every drop of water coursing down the bed of our nation's rivers and streams is put to

reclamation

the best possible use. For water is, obviously, one of the good things of life. And men seem fated, always, to argue about how best to utilize, divide, or control the land, the oceans, the waters and even the air of our globe—not to mention outer space and the accessible planets.

The position I uphold is simple: Reclamation is good business, not only for the 17 western states, but for the businessmen, workers and taxpayers of the East, Midwest and South. It is good investment in the future for the entire nation from every practical dollars-and-cents standpoint.

This philosophy, the case for reclamation, is based on these solid facts: It pays its own way, yet spreads benefits to all corners of the nation.

We in the West know the damming of rivers and the bringing of water to land is costly. So does the resident of our coastal or Great Lakes region know the dredging of harbors and the clearing of river channels is costly. In the West, our development and survival depend upon reclamation projects which assure our crop output, our power resources, our very existence. In our port cities, the maintenance of commerce basic to municipal and regional existence stems from the navigability of harbors and rivers. Thus in our nation, since establishment of federal government, ports and waterways are maintained by agencies of this same federal government—supported by tax dollars of citizens in all sectors of the nation who realize the economic health of the country is dependent upon this waterborne commerce and trade.

But, when we turn to the costs inherent in reclamation—costs inherent to the economic well-being of fully one third of our nation, there are basic misunderstandings about federal spending on federal projects. And this, despite the fact that reclamation projects, in the aggregate and individually, actually return most of their construction costs to the Treasury of the United States.

There exists—unadvertised, but very tangible—a promissory note on every reclamation project. The farmers and power users who directly

benefit from federally financed reservoirs, dams and hydroelectric plants repay the construction costs of reclamation projects over a set span of years. Opponents of the reclamation thesis argue with the schedule of repayment, just as they argue the "excessive" cost of projects. Shrugging off the fact that borrowed dollars are faithfully returned to the Treasury for reclamation loans, they conveniently continue to overlook the very existence of repayment schedules.

These same opponents of reclamation likewise overlook another fiscal fact in their continuous warfare against the development of the West. They forget to note that most of the capital required for construction of irrigation features of reclamation works comes—not from the tax dollars of the nation's citizenry—but from the Reclamation Fund built up from proceeds accruing to the United States from the Oil Leasing Act, from the sale and leasing of public lands, and other public land revenues. Much of the land in the underdeveloped West (more than 70 per cent in such states as Utah and Nevada) is owned outright by the federal government, which leases desirable acreage for mining, grazing and oil production.

Accretions to the Reclamation Fund totaled \$484 million on June 30, 1957, and collections representing construction repayments, water rentals, power revenues and miscellaneous revenues amounted to an additional \$702 million—a sum substantial enough to give a sizable start on most reclamation projects now authorized, if used directly for such purposes. It is statistics such as this the enemies of reclamation never cite. A few other figures they choose to avoid are these:

Out of \$2,961,763,715 expended in total for plant, property and equipment on reclamation projects in the West during the past half-century, \$355,514,171 has been repaid, \$181,515,797 of additional income representing interest on investment in power facilities was collected, and some \$60 million in cash payments is made to the U. S. Treasury annually—including interest on the federal investment in hydroelectric and

(continued on page 44)



Gov. George D. Clyde of Utah is one of the nation's foremost authorities on reclamation and water development.

A native of Utah, he holds a Bachelor's Degree in agricultural engineering from the Utah State University and a Master's Degree in civil engineering from the University of California, Berkeley. In addition to private practice as an engineer, he taught engineering at Utah State University and for 10 years was Dean of the School of Engineering.

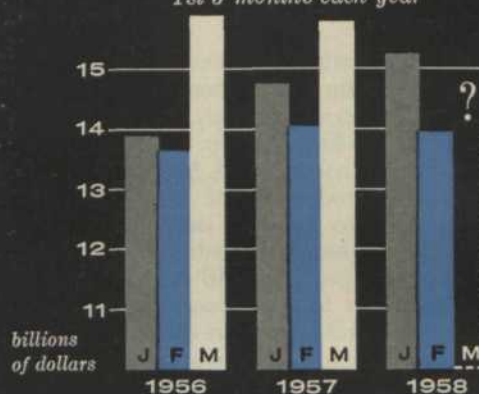
For eight years after World War II, he was Chief, Division of Irrigation Engineering and Water Conservation Research for the U. S. Department of Agriculture. For a short time he was Chief of Engineers, Soil Conservation Service in the same Department.

He was Utah's Commissioner of Interstate Streams and Director of the State Water and Power Board when he became candidate for Governor in 1956—his first campaign for elective office at any level. Governor Clyde has published more than 50 articles on water development and irrigation.

HOW'S BUSINESS?

today's outlook

Distribution: retail sales '56, '57, and '58
1st 3 months each year



AGRICULTURE

Dairy farmers are expected to maintain their upward trend in milk production in 1958 despite a continued decline in cow numbers. Total fluid milk output will climb at least a billion pounds over the 1957 record of 126.4 billion pounds.

The growing supply of feed grains, a major cost item on dairy farms, has resulted in feed prices running considerably below last year. While the number of cows declined again last year to 22.4 million, output per cow climbed to 6,162 pounds, a gain of more than 20 per cent in 10 years.

Assuming a per capita consumption of all dairy products equal to the estimated 1957 level of 695 pounds (milk equivalent), total consumption of dairy products in 1958 will increase at least as much as milk production. At this rate the increase in population would require 1.9 billion pounds more milk.

A rise or drop in retail prices of three to four per cent can be expected to shift per capita consumption two or three per cent.

CONSTRUCTION

With Congress in a spending mood, the construction industry again seems to be the government's favorite vehicle for bolstering economic confidence.

Public works, urban renewal, housing credit, and community facilities are only some of the areas in which strong pressures have been and will continue to be brought to bear, this mostly in the Senate but

with little opposition expected from the House.

Although much of the proposed pump priming construction programs are obviously devised for political purposes, they are by no means limited by party. This was evidenced by the lop-sided 86-0 Senate vote in favor of the Sparkman Housing bill last month, and almost similar Senate unanimity in the case of stimulation of currently programmed public works.

Because of this tidal wave of crash-program proposals, Administration attempts to reduce federal participation in housing and urban renewal activities are expected to face rough sledding when hearings on general housing legislation before the Sparkman Housing Subcommittee begin later this month or early in May.

CREDIT & FINANCE

Easing money conditions continue throughout most areas of the nation.

Despite this credit loosening, Congress has been besieged by a number of proposals aimed at establishing complete new systems for federal financing of small businesses, depressed areas, housing, farmers, and public works projects—most born of economic recession worries. Most new bills are tied in with some form of business stimulant plan in the form of guaranteed or direct loans.

Meanwhile, the Senate-passed Financial Institutions Act, a complete modernization of banking laws, awaits action of the House Banking and Currency Committee after

more than two months of hearings.

On the credit side, a few financial institutions report some slight rise in home foreclosures and more consumer credit delinquencies, but the percentage remains low.

DISTRIBUTION

After getting off to a surprisingly good start this year, retailing staggered temporarily under the impact of severe weather conditions. Although recovering rapidly, for the most part, the trade now faces an Easter two weeks earlier than last year and uncertain spring weather.

Although durable goods have trailed nondurables in the buying public's favor, certain developments, now and in weeks to come, may tend to alter this situation. They are: The recent decision of several appliance makers to drop their fair trade policies, resulting in widespread price cutting at retail—and discounts among auto dealers to spark spring sales.

Grocery and drug store sales are exceeding year-ago levels.

Although department, variety and specialty stores are holding their own, auto dealers and home furnishings stores report lower sales.

Commissioner Ewan Clague of the Bureau of Labor Statistics says the outlook for lower prices is not promising—at least not until summer and fall.

FOREIGN TRADE

The Administration's proposal for extension of the Reciprocal Trade

Chamber of Commerce of the United States

Agreements Act faces more weeks of congressional hearings and arguments before final action can be expected.

Consideration by the Senate, which will not begin until the House has completed its deliberations, may also be delayed by other priority legislation before the Senate Finance Committee.

In urging renewal of the Act for a period of five years, the National Chamber's representative before the House Ways and Means Committee emphasized that: "The concept of the national interest in trade policy must start with the principal that the objective is to strengthen the national economy."

The witness also stressed, however, the need to continue adequate safeguards in the law to provide tariff relief for industries during a period of adjustment. The proposal to speed up escape clause action also was supported.

"In all cases," he concluded, "determination of injury due to imports should be judged in the light of national interest."

GOVERNMENT SPENDING

Some delays in House consideration of appropriation bills have been occurring. This is particularly true of the public works area where the chairman of the Appropriations Committee directed both the Army Engineers and the Bureau of Reclamation to consider increasing their original requests. This move was motivated by considerations arising from current adjustments in the economy. However, it is expected that all appropriation bills will be cleared through the House by the end of April or early in May.

Additional impetus to increased spending is coming from the Senate side where Senate Majority Leader Lyndon Johnson has endorsed a proposal to establish a broad public works administration-type program as an antirecession measure. Another similar move is taking place in the Senate Banking Committee, where a strong push is being made for a \$2 billion antirecession housing program.

Although both of these programs are designed to stimulate the economy, their effect is questionable. Both require considerable lead time before they have a full impact. Current downward adjustments may

well have stopped before these programs can really get going.

LABOR

The hopes for labor legislation in this Congress are rapidly fading. Some possibility remains for regulation of welfare funds but the chances are becoming slimmer, in spite of the evidence brought in by the McClellan Committee.

Any prospect for action seems to depend on the House and Senate judiciary committees where two important bills have been referred.

One bill would restore state authority in labor law. The other would return unions to the coverage of the antitrust laws. Of these, only the first is given much chance this year. Actually, the bill as written would restore state authority in many fields, not labor relations alone.

This measure has some highly respected supporters, among them the American Bar Association and the attorneys general of 25 states. The Senate version of the bill, S. 337, was sponsored by 15 senators.

NATURAL RESOURCES

Look for a new commission to try to establish how much land the federal government should set aside for national recreation needs.

Present plans call for a National Outdoor Recreation Resources Review Commission to inventory and evaluate outdoor recreation resources and opportunities, including land and water areas, irrespective of ownership, for now and the future.

How this commission's activities would affect other federal recreation study programs now under way is not clear. Mission 66 of the National Park Service has been under way two years, is scheduled to end in 1966. The U. S. Forest Service's parallel program, Operation Outdoors, is also a 10-year program.

Of some 400 million acres of federal land, at least 350 million acres are available for recreation.

Not generally known is the extent to which private firms, including power and water companies and mining concerns, make their land available for recreation.

In wood-using industries alone, 455 companies owning more than 46 million acres have more than 80 per cent of their land open to recreational use.

TAXATION

Tax cut talk began to be heard again when the February unemployment figures were released—up again. It's still talk, but a clearer purpose is shaping up.

Doubt as to the need for tax cuts to stimulate the economy remains officially strong, but demand for cuts comes increasingly from nonofficial and semiofficial sources. Odds on a cut are improving steadily.

The big debate is again shaping around the question of who should get it in order to provide the quickest and most stimulating effect. The same old arguments are being advanced as to the relative effectiveness of increasing consumer purchasing power through cuts in the lower brackets, or of increasing production through reductions for higher income groups and for business generally.

The surprise comes from the new showing of strength by supporters of the production approach. Many of those who emphasize the virtues of low-bracket cuts also recognize need for reducing too-high upper rates and for business relief—especially small business.

TRANSPORTATION

Traffic accidents continue to be a major domestic problem, despite the reduced fatality toll in 1957. The President's Committee for Traffic Safety under the chairmanship of Harlow H. Curtice, president of General Motors, is holding four important regional conferences in an effort to reduce further the still enormous toll in deaths, injuries and economic loss through greater public support of state and local safety programs.

The first was held in Atlantic City on March 11-12. Others will be held in Chicago on April 1-2; San Francisco, April 8-9; and Miami Beach, May 29-30.

Business leaders from 12 states attended the Atlantic City meeting. They discussed ways to mobilize wider and more effective public support for traffic safety. They spotlighted the deficiencies in their state and local safety programs and worked out solutions. They returned home pledged to implement the solutions, strengthen existing safety programs, and the formation of new ones where needed.

Governor Clyde tells why Mormon pioneers appealed to Washington

municipal water facilities! Income to reclamation project farmers and farm workers totals \$666 million in 1956—with a cumulative total income in the past half-century of nearly \$8.6 billion, and this from land that would have been virtually unproductive without the reclamation projects.

The total cost of the plant, property and equipment of all Bureau of Reclamation constructed properties which produced this economic wealth has been some \$2.962 billion.

There are some statistics almost impossible to get. For example:

Sales of electric energy from reclamation projects totaled 25,654,251,471 kilowatt hours in 1956. We know these sales brought \$60 million in revenue to the federal treasury. But it is virtually impossible to tally dollar output of plants producing finished products with this power, impossible as well to gauge the lessened wartime effort; or the lessened output of aluminum and canned goods, lumber and shirtwaists, airplanes and toy trains we would have faced had not these kilowatts been available; it is likewise difficult to learn what the cost of available goods or even the lessening in over-all standards might have been had such hydropower been lacking in major regions of the nation.

It is, however, quite possible and proper to study the statistics attached to a single, small, typical, specific reclamation project—and to speculate on "what might have been," or upon "what might not have been" had this project never been built.

In order to survive in the desert wastelands of Utah, Mormon pioneers turned the waters of City Creek onto the parched earth of the Salt Lake Valley in 1847. Later, settlers brought water to other Utah areas to build a new way of life. However, even with this pioneering people whose very religion urges freedom from debt and cooperative but nongovernmental enterprise, the self-financing of truly major irrigation enterprises proved impractical.

In 1900, residents of the Utah County region along the Spanish Fork River found their choice of crops, and the extent of their farming, restricted by the seasonal flow of the stream being utilized to water their fields. They realized a dam in

the Green River Basin east of the Wasatch Range, coupled with a mountain tunnel, would divert plentiful precious water—going to waste unused—to the southern part of their county to supplement natural streamflow.

A group of citizens worked 18 months seeking finances for the project. Unsuccessful, they appealed to the federal government for aid under the new Reclamation Act in 1904. The project was authorized in 1906, delivered its first stored water to farms in the summer of 1915—and water users have since repaid \$2,678,072 to the government, or 80 per cent of the \$3,349,424 repayment obligation.

Utahns know this as the Strawberry Valley project. One of the first federal reclamation projects ever authorized, it brings 60,000 acre-feet of water to 42,000 acres of new lands and lands requiring replacement or supplemental water supplies.

The cumulative crop value from the time of completion to the present is \$78,495,856 or 22 times the construction cost. In addition, the Strawberry produces power, municipal water and recreation with an annual value of \$500,000.

But more important, the personal income directly associated with the project is estimated at \$18 million a year. For the population growth in the area has been continuous while contiguous areas, comparable in soil and climate, but lacking sufficient water, have shown population and income declines. Utah County, in which the Strawberry Project is located, grew at the same pace as neighboring Juab and Sanpete counties—until 1910 or thereabouts, when the water supply from natural streams was used at virtually its full potential. Since 1915, when the Strawberry began furnishing its first water, Utah County has gained in population, its neighbors have declined, losing purchasing power as well as residents.

Consumer studies by merchandising firms, federal surveys and market-data reports indicate 12,000 people of the project area's present 24,000 population live in the county as a result of the Strawberry Project.

This project, and hundreds like it, is a sound market for manufactured goods from other regions. During the past five years there was an average

annual sale of 658 new cars and 225 new trucks in the Strawberry Project area. Total value—\$2,337,000. Farmers annually averaged purchases of 156 new tractors costing \$263,860 and \$235,500 in new farm implements. Two thirds of these automotive and machinery dollars left Utah, directly aiding the laborer and the economy of Michigan, Ohio, Illinois, Indiana, New York and California, and indirectly aiding stockholders of auto and farm machinery companies throughout the nation. Purchases of building materials, home furnishings, hardware, clothing, drugs, appliances and general merchandise shipped to the Strawberry region from all across the nation totaled \$18 million in a recent typical year, of which \$10 million left the state.

Continuing our statistics a bit further: The volume of sales involved in interstate shipment specifically attributable to the project amounts to \$8,232,000 of which \$4,512,000 leaves the state annually. Over \$1 million more in products is thus purchased annually from eastern and midwestern states than the original cost of the project. And while the population of Utah County rose steadily past the 24,000 mark, the population of neighboring Sanpete County leveled off just above 15,000 in 1920 and has since dropped below the 14,000 mark. Juab County reached a population peak of 10,000 and now has but 5,100 residents.

In part, Utah County's current well-being stems from new industrial plants such as the warbuilt U. S. Steel plant at Geneva as well as farm prosperity. This industrial growth was possible only due to water, power and population resources stemming from the Strawberry Project.

Finally, there's the matter of taxes. From 1915 to 1920, the first five years of the project, the assessed valuation of the project area jumped from \$7,476,837 to \$26,890,840, a rise directly attributable to the Strawberry. As for recent years—in 1954—with the project creating jobs and livelihoods which now support 12,000 persons, the total in taxes collected from all sources amounted to \$149.83 for state and local taxes and \$369.40 for federal purposes per person. Multiplying these by 12,000 we find the project returning \$1,797,960 to the state and local governments and \$4,432,800 to the federal government in a single year.

From an investment of some \$3.33 million over 40 years ago, the Federal Treasury now receives nearly \$3.4 million annually in tax revenues! Not a bad return from an investment in water, land and people! The Strawberry Valley project is

Short cuts with Recordak Microfilming

Latest reports on how this low-cost photographic process is simplifying routines for more than 100 different types of business . . . thousands of concerns



SURE OF SCORE AT 19TH HOLE

ATLANTA, GA.

Members of the renowned East Lake Country Club don't look quizzically at their monthly bills and reach for the phone. The hits they sign either at the club or downtown at the parent Atlanta Athletic Club are photographed in a Recordak Microfilmer and mailed out with the bills.

This all but ends questions about charges—frees the girl who used to be glued to the phone for two weeks after bills went out. And it cuts costs and speeds up the billing operation, too—no need, now, to list dates and describe charges on bills. Another advantage: members can support charges at tax time.



NEVER QUESTIONS LONG-DISTANCE CHARGES

ANNANDALE, MINN.

Customers of Lakedale Telephone Company can readily recall long-distance calls—even if "forever on the phone."

To refresh memories and answer questions in advance, the company microfilms the toll tickets, which operators time stamp and fill out for each call. These are then sent out with the bill. Customers are all for new system—can even check the "minutes spoken" on time-stamped tickets.

The company, meanwhile, only has to show the total charge and tax on its bills—saves posting more than 115,000 toll tickets per year. Film costs run under \$4 per month . . . and a low-cost Recordak Microfilmer takes the pictures.



ELIMINATES TISSUE COPIES IN SALES BOOKS

LOS ANGELES, CALIF.

The May Co., one of the country's leading stores, discovered that microfilm copies cost less than carbon copies and are far more practical. More than \$10,000 per year is saved by using a 2-part sales check instead of one with 3 parts. And a like sum is saved on storage costs.

Here's how the new system works: Customers get "carbon" tickets with purchases. The originals go to the Sales Audit Department, where they are photographed in a Recordak Bantam Microfilmer. Film record—instead of tissue copies—becomes Sales Audit's permanent record. Sales checks are promptly routed to Accounts Receivable Department . . . returned to charge customers with monthly bill. (A separate use of Recordak Microfilming cuts costs here.)

See how companies like yours save

Free booklet gives broader picture of uses in business and industry. Write for "Short Cuts that Save Millions," or for more specific help have a Recordak Systems Man call. No obligation whatsoever!



RECORDAK

"Recordak" is a trademark

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—
now in its 30th year



..... MAIL COUPON TODAY

☐ RECORDAK CORPORATION
 415 Madison Avenue, New York 17, N. Y.
☐ Send free copy of "Short Cuts that Save Millions."
☐ Have local Systems Man phone for appointment. D-4

Name _____ Position _____
 Company _____
 Type of business _____
 Street _____
 City _____ State _____

Glen Canyon Dam contract was 20 per cent under estimates, says Governor

relatively small. But in human returns as well as dollar values, it continues to bulk large in the lives of Utahns such as Albert Swenson, one of the early project farmers, who puts it this way:

"Before the Strawberry was finished we used to get one crop of alfalfa on the east bench—and that was it. During a dry year we just burned up."

Now there are three cuttings of alfalfa a season for feeding cattle and sheep, helping provide a stable agriculture and industrial base previously impossible in a semiarid region.

Just as the Strawberry Valley unit illustrates a typical, sound, obviously successful small reclamation program unit, the Upper Colorado River Storage Project and the much abused Fryingpan-Arkansas Project show the scope, complexity, engineering ingenuity—and inherent soundness—of projects now moving forward despite a drumfire of thoughtless opposition. After decades of research, a \$760 million basin-wide development of the Colorado River is underway, with construction at Glen Canyon damsite in Arizona, and the beginnings of work at Flaming Gorge on the Green River in Utah as initial steps.

The prime contract for Glen Canyon Dam was let for \$107,955,522—fully \$27.6 million or 20 per cent under engineering estimates! Opponents of the over-all reclamation program continually charge that costs drastically exceed estimates, but forget to cite such cases in which bids fall well below estimated costs. Enemies of reclamation trumpet that Hungry Horse, Colorado-Big Thompson and similar projects have a poor record as regards to cost estimates—but forget to point out that World War II and the Korean conflicts boosted construction costs considerably between the time first studies were made and the time contracts were let. They forget to point out the vast savings that could have been made had the contracts been let speedily and construction promptly handled before wars intervened!

In pamphleteering efforts to block the Frying Pan-Arkansas project in southeastern Colorado they forget to point out that fully \$140 million of an investment of \$159,287,000 will be repaid by water users and power sales—much of it with interest—and completely forget the intangible ben-

efits which might result when supplemental water from the Frying Pan reaches a region plagued by periodic drought and crop failure, while bringing no new land under cultivation. Farm incomes will be stabilized; land values rise—and with them taxable values; state and federal revenues will increase through higher personal and corporate incomes; the purchasing power of the area will rise, meaning more business at national as well as local and regional levels; there will be more water and power for municipalities—providing for growth and industrial expansion, more payrolls, more purchases of raw and finished materials.

Critics of such projects as the Frying Pan-Arkansas fail to see, or at least forget to state, that whole areas of the West must stagnate, must decline, without water. They can only grow through water development. Los Angeles, Phoenix, Tucson, Salt Lake City—such centers obviously add to national prosperity as well as regional well-being. Croplands in California and Arizona producing fruit, cotton, vegetables and cattle for the national market play a role in the economy of the entire United States—as do aircraft plants and aluminum factories in the Pacific Northwest which depend on reclamation projects for hydroelectric power. There will be no such growth in the West as they represent—no further burgeoning cities, no fresh power and crop resources—without such projects as Frying Pan-Arkansas and Colorado River.

What is the Colorado River Storage Project? Designed to serve an area of 100,000 square miles described as the nation's last frontier, it will provide water—that most valuable fuel of all—for agricultural development and the progressive growth of cities and towns in much of Colorado, New Mexico, Utah and Wyoming. The program provides four large mainstream dams and 11 irrigation units, participating projects. Regulating the river against floods and preventing further silting at Hoover Dam, creating power and making water available for municipal use are part of the multipurpose uses of project waters, along with the provision of agricultural water supplies. Among those who will benefit as water reaches new farmland, and as supplementary water reaches old

croplands, are members of the Navajo tribe, a people badly needing economic aid and security. In creating new, stable, multimillion dollar markets for such eastern products as autos and tractors, clothing and home furnishings, the Colorado River Water Storage Project will not only parallel—but vastly exceed—the proven benefits brought by such a comparatively small reclamation project as the Strawberry.

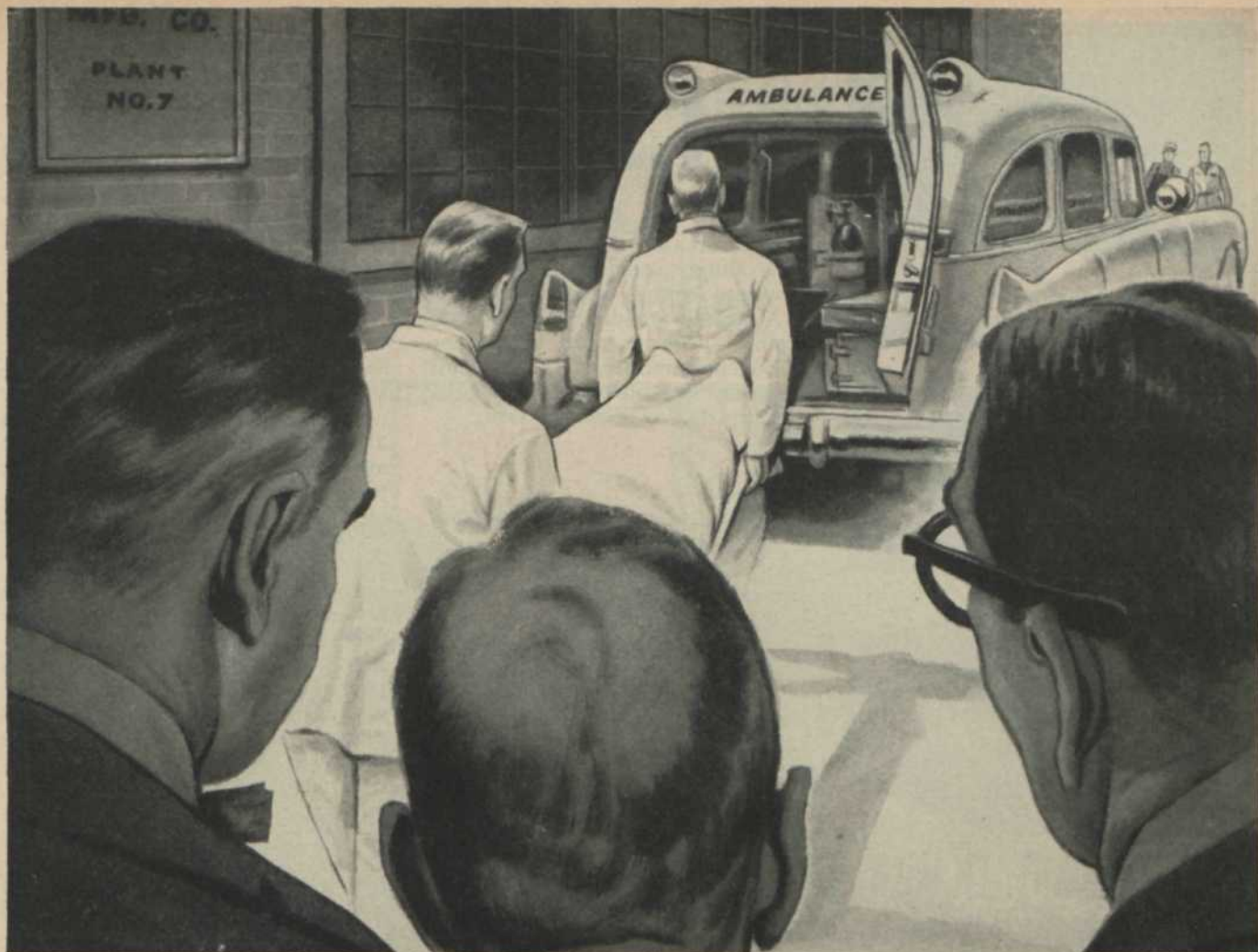
There is much more, of course. The Colorado program will create a reservoir extending 186 miles up the Colorado and 71 miles up the San Juan from Glen Canyon; Flaming Gorge will provide another beautiful body of water, as will Navajo Dam and Curecanti on the Gunnison. Each will mean recreation of the sort made possible by Lake Mead—attracting new millions of dollars for tourist facilities, gasoline, foodstuffs, sporting goods. The building of dams and access roads will open large sectors of the Southwest and inaccessible portions of the Mountain West, to conservationists, tourists, fishermen and family vacationists.

Finally, such a project, bringing water to the soil, also brings people and power into juxtaposition with natural resources. The Upper Basin of the Colorado River contains 90 per cent of the nation's known uranium; upwards of 30 per cent of its copper; 90 per cent of its commercially useful oil shale; huge deposits of phosphate rock for fertilizer, vast quantities of oil, natural gas, gypsum, precious metals, tungsten, molybdenum and vanadium. The project will open such resources to development, just as the building of reclamation projects made possible the current growth of the Pacific Northwest; just as the building of dams on the lower Colorado made possible the growth of Los Angeles and the rich farm economy of California's interior valleys.

True, the Colorado River Storage Project will be underwritten by the federal government, but approximately 99 per cent of total costs will be repaid by the people who use the power and water—and fully two thirds of the cost will be repaid in the federal treasury with full interest!

Which is why, in the West, we equate reclamation with progress, with healthy growth, with healthy industrial and agricultural expansion, which, through the years, have moved America forward. **END**

REPRINTS of "The Case for Reclamation" may be obtained for 15 cents each or \$10.15 per 100 postpaid from Nation's Business, 1615 H St., N.W., Washington 6, D. C. Please enclose remittance with order.



Job accident or non-occupational illness?

“Two-way coverage” by Hartford speeds claim settlements

Have you ever considered the advantages of having your firm's Workmen's Compensation and Group Insurance written by the same insurance company?

Both you and your employees stand to benefit through this “two-way coverage” by Hartford. For it virtually insures more inclusive protection . . . efficient service . . . prompt payment of claims.

In 1913 the Hartford Accident and Indemnity Company began building its country-wide network of claim service offices which now total over 200.

All the wealth of knowledge our company and our staffs have gained in 43 years of handling Workmen's

Compensation is available to you on Group Insurance coverages as well.

And Hartford's “two-way coverage” combination is particularly valuable when claim situations come up that are hard to fit into a definite Workmen's Compensation or Group category—borderline cases.

With combination coverage by the

Hartford there is no question of who should pay. Settlement of claims is smooth and uncomplicated.

You should certainly look into Hartford “two-way coverage” for your Compensation and Group Insurance needs. See your Hartford Accident and Indemnity Agent or your insurance broker.

*Year in and year out
you'll do well with the*

Hartford
Fire Insurance Company
Group



Hartford Fire Insurance Company
Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company
Citizens Insurance Company of New Jersey
Hartford 15, Connecticut
New York Underwriters Insurance Company
New York 38, New York
Northwestern Fire & Marine
Insurance Company
Twin City Fire Insurance Company
Minneapolis 2, Minnesota

How to get **MORE WORKING MINUTES per hour!**



Don't walk—TALK with Executone intercom!

No need to waste time shuffling between offices for information and instructions. Just push a button and talk! Walking time becomes *working* time. Telephone lines are kept open for outside calls; roving employees are located *immediately!* Production is increased, costs are cut. Installations in every type of business and organization *prove* that Executone pays for itself many times over.

Executone

Mail
Coupon Now!

**INTERCOM
SYSTEMS**

EXECUTONE, INC., Dept. J-3
415 Lexington Ave., New York 17, N. Y.

Without obligation, send booklet describing how Executone helps cut costs. I am particularly interested in:

- ☐ Inter-office communication
- ☐ Intra-plant communication
- ☐ Switchboard relief
- ☐ Locating personnel

Name _____ Title _____

Firm _____

Address _____ City _____

In Canada—331 Bartlett Ave., Toronto

If a manager stifles staff talent, his whole organization is weakened

quent sarcasm. Psychologists say such things usually are efforts to cover up feelings of inadequacy.

A certain amount of pride is desirable—pride in work well done. Self-respect and team spirit are built on pride. Trouble comes when pride is permitted to become a vice.

Envy

By refusing to recognize individuals with talent and potential within his organization an envious manager can weaken his company sometimes without realizing he is doing so.

"We frequently envy the individualist, the man with bold and independent ideas. When we have the power to do so, we tend to restrict him and keep him in tow, sometimes to the extent of suffocating him," says Dr. Loran F. Baxter, industrial

sees the most capable men as threats to his security and envies their abilities."

Dr. Francis Bradshaw points out that since individualism is emphasized in our society, with competition and measurement of performance stressed first in school and then at work, envy develops. Someone in authority may turn down an idea, then later present it as his own.

"Teamwork can't work," he adds, "if we try to outwit the other fellow rather than the problem."

In a large national organization a middle management executive spent hours of his own time developing a plan for revamping certain phases of the organization structure within his responsibility. When his plan, a bold and unusual one, was presented to the intracompany planning committee, several members, envious of the plan's author, attacked it, making it seem utterly ridiculous. Their criticisms beat the idea to death. The man who devised the plan decided to take his bold thinking elsewhere.

In considering envy, as in considering any of the sins of managers, it is useful to look for antonyms.

Dr. Joseph L. Krieger, a management consultant who advises the Department of Defense on problems of executive leadership, stresses the efficacy of this search for opposites.

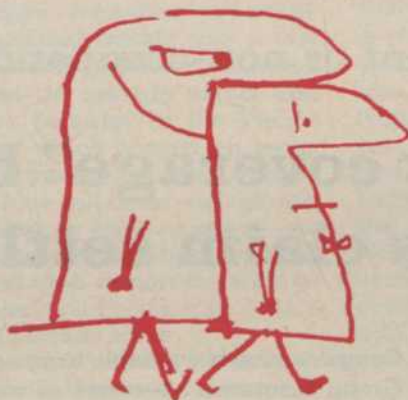
"Just as humility is the opposite of pride, so does envy have an opposite. I would characterize it as 'counting your blessings.' The businessman who feels the urge to be envious—and it is an urge—would do well to look behind the glamour of the person whom he envies and study the man's problems, pressures and troubles."

Authorities on work attitudes identify envy as one of the principal causes of cliques in an organization. A young man who is rising fast and who visibly enjoys the favor of the top echelons will—unless he is a genius at diplomacy—soon find himself a lonely man among his peers. The reason? Envy. The group, and its individual members, will tend to expel the extraordinary individual because of envy.

Laziness

Laziness can lead to a cardinal fault of business management—lack

ENVY



psychologist with John R. Martin Associates.

A manager who is envious of the bright people elsewhere in the organization and jealous of his position may fill his department with men less qualified than he.

"In both large and small businesses," Dr. Baxter says some of the managers will tend to hire people inferior to themselves. We see this frequently. Many managers do it subconsciously. They will rationalize and say that if they hired highly qualified people they wouldn't be able to keep them. Usually, the real reason "is that the executive

NOW—THE NEWEST OF SMITH-CORONA PORTABLES BRINGS YOU...

ELECTRIC TYPING

at less than standard office typewriter price!



Perfect for:

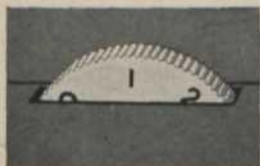
Accountants
Architects
Automobile Dealers
Banks
Clubs
Dentists
Doctors
Engineers
Florists
Furriers
Gift Shops
Hotels
Insurance Agencies
Interior Decorators
Jewelers
Lawyers
Libraries
Newspapers
Real Estate Agencies
Restaurants
Stock Brokers
Theatres
Travel Bureaus
Utility Companies
Writers

Now, for the first time, doctors, lawyers, and owners of small-to-medium businesses can enjoy all the prestige, all the benefits of electric typing *without* a major investment—at a cost *lower* than a manual office typewriter.

On the world's first electric portable typewriter, made by Smith-Corona, even inexperienced help can produce clean, clear, letter-perfect typing.

This marvelous machine, the newest, most exciting on the market, is now at your Smith-Corona dealer's. Visit him today for a demonstration!

Look at these big "office machine" features!



Impression Control Dial

Regulates through nine different impression settings. Permits the typing of many carbons.



Interchangeable Platens

For easy interchange of platens for different jobs. A real aid in doing multiple-carbon work.



Automatic Repeat Actions

Extra pressure on the hyphen key, underline key or space bar repeats them until released.



\$19750

Manufacturer's list price. Subject to change. F. E. Tax extra.

SMITH-CORONA ELECTRIC PORTABLE TYPEWRITER

**Your business
investment here**

earns more interest with

a crystal clear window

ask for ACETATE Windows!

Cost is negligible, but the extra value of crystal clear acetate windows is worth dollars in goodwill. Ask your stationery supplier for the clear window—*acetate* windows in your next order of envelopes. Don't let murky, cloudy windows spoil the impression you make on your customers. Celanese®

Acetate...a **Celanese** transparent film

Celanese Corporation of America, Plastic Division, Dept. 143-D, 744 Broad St., Newark 2, N. J.

Canadian Affiliate: Canadian Chemical Co., Limited, Montreal, Toronto, Vancouver.
Export Sales: Amcel Co., Inc., and Pan Amcel Co., Inc., 180 Madison Avenue, N. Y. 16.

SEVEN DEADLY SINS

continued

of planning, points out W. F. McCormick, partner in the management consultant firm of Cresap, McCormick and Paget.

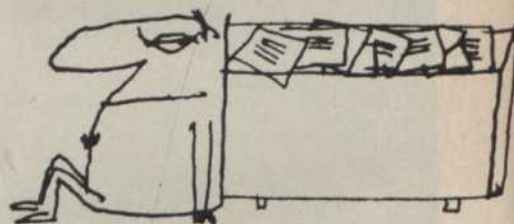
"We must force our thinking into the future to develop the objectives and plans called for by changes in the economy."

The chief executive who puts off making plans leaves his managers in the dark and stalls their progress, too, because they don't know what their boss's goals are. This contributes to confusion and wasted efforts.

A form of intellectual laziness frequently exists throughout organizations, even among the top executives, Mr. McCormick notes. This shows up when a man takes a problem to his superior without also taking a suggested solution.

"In my opinion," says Mr. McCormick, "a good executive should not only be capable of identifying and documenting problems, but should be able to work out a solution. It may not be the only solution, or the best, but he should have

LAZINESS



some solution to recommend. I am constantly amazed at company presidents who bring problems to the board of directors for discussion without appreciating that they should also bring at least a tentative answer."

Laziness in those under you inevitably means more work for you; not only in taking up the slack, but in control activities. The man who comes to you with ideas, who wants to do something, is easy to control, Mr. McCormick notes. You can weigh the idea and say "no" if necessary. The lazy man, the procrastinator, must always be inspired and driven.

Some executives delegate duties, not because they are good supervisors, but because they are lazy. They have difficulty determining the difference between delegation and abdication, says Mr. McCormick.

(continued on page 55)

Needed:

“General Practitioners” in Transportation

Today, you are deprived of the best and most economical transportation because public policies place artificial and severe restrictions upon the opportunity of any one form of transportation, such as railroads, to serve you by the use of other means of transportation, such as that by highway, waterway or airway.

Yet, in other industries, diversification of products has become common, and has proved beneficial both to those industries and to the public.

Why, then, shouldn't the public be allowed to benefit by diversification in transportation?

Clearly, diversification would be to the advantage

of the nation's shippers. They could then arrange for their transportation through a single transport company which could utilize any or all means of carriage needed to do the particular job at hand most efficiently. That's why the railroads ask for removal of present artificial limitations.

They seek only the same opportunity as anyone else to enter into other fields of transportation. Then they could become “general practitioners” in transportation — using a wide variety of facilities to serve you and the nation more efficiently.

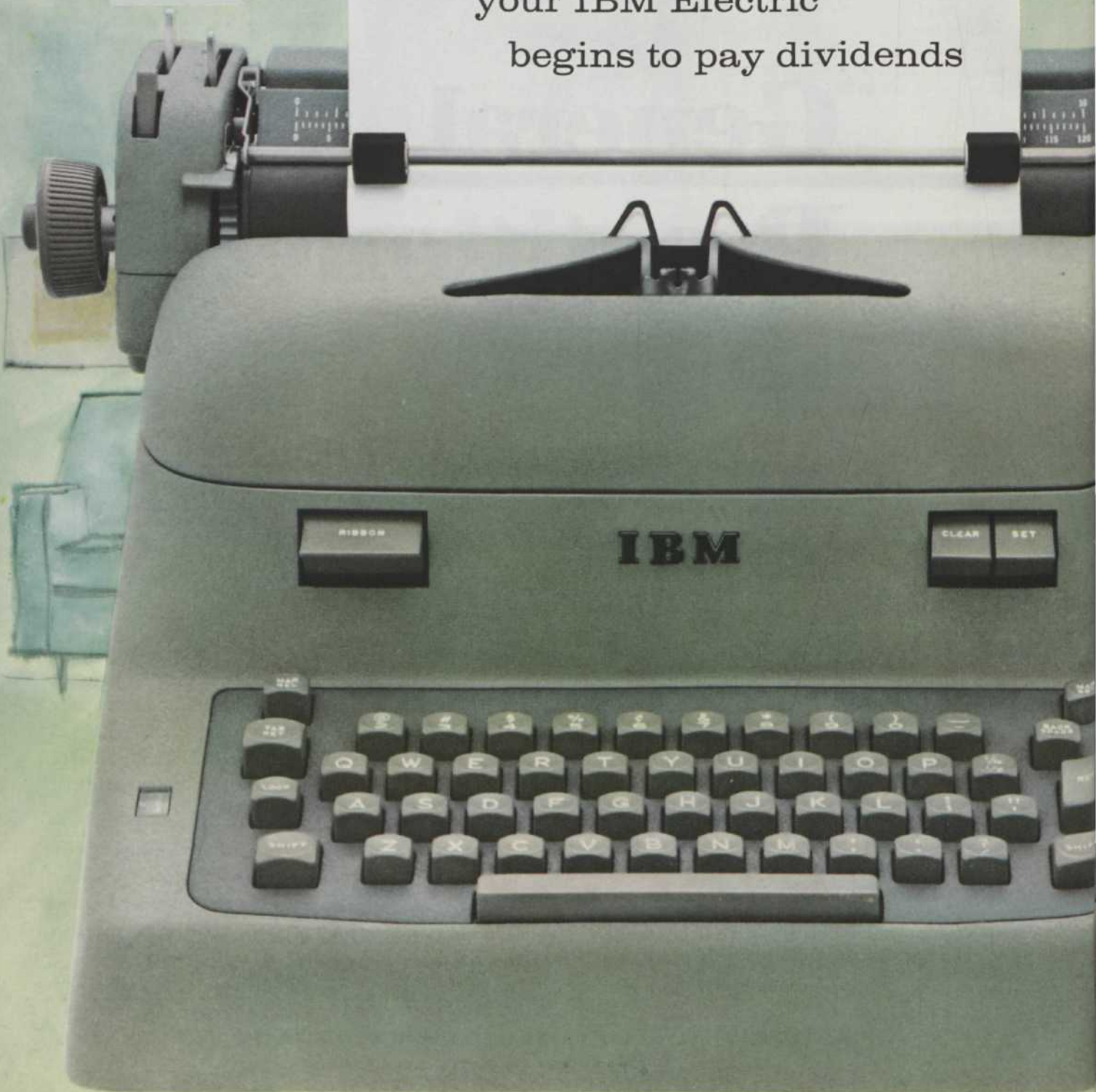
Isn't this common sense?

ASSOCIATION OF AMERICAN RAILROADS

WASHINGTON, D. C.

profit

From your very first letter—
your IBM Electric
begins to pay dividends



25 YEARS AGO IBM introduced its first electric typewriter... this year IBM continues

table



**To cut costs and increase profits
you're sure to go electric—
make sure you go IBM!**

Pays for itself by saving time and work.

Most dependable electric in performance,
simplest in design and operation.

Finer, more distinguished typing
can increase your profits and prestige.



You'll be proud of every letter you sign

IBM's handsome typing reflects the integrity and superior service you want associated with your business. Every letter becomes a distinguished symbol of your good taste.

She'll be proud of every letter she types

Every character will be clear, sharp, uniform, no matter what touch your secretary uses. Typing is so much easier, too—takes up to 95.4% less finger-effort than a manual!

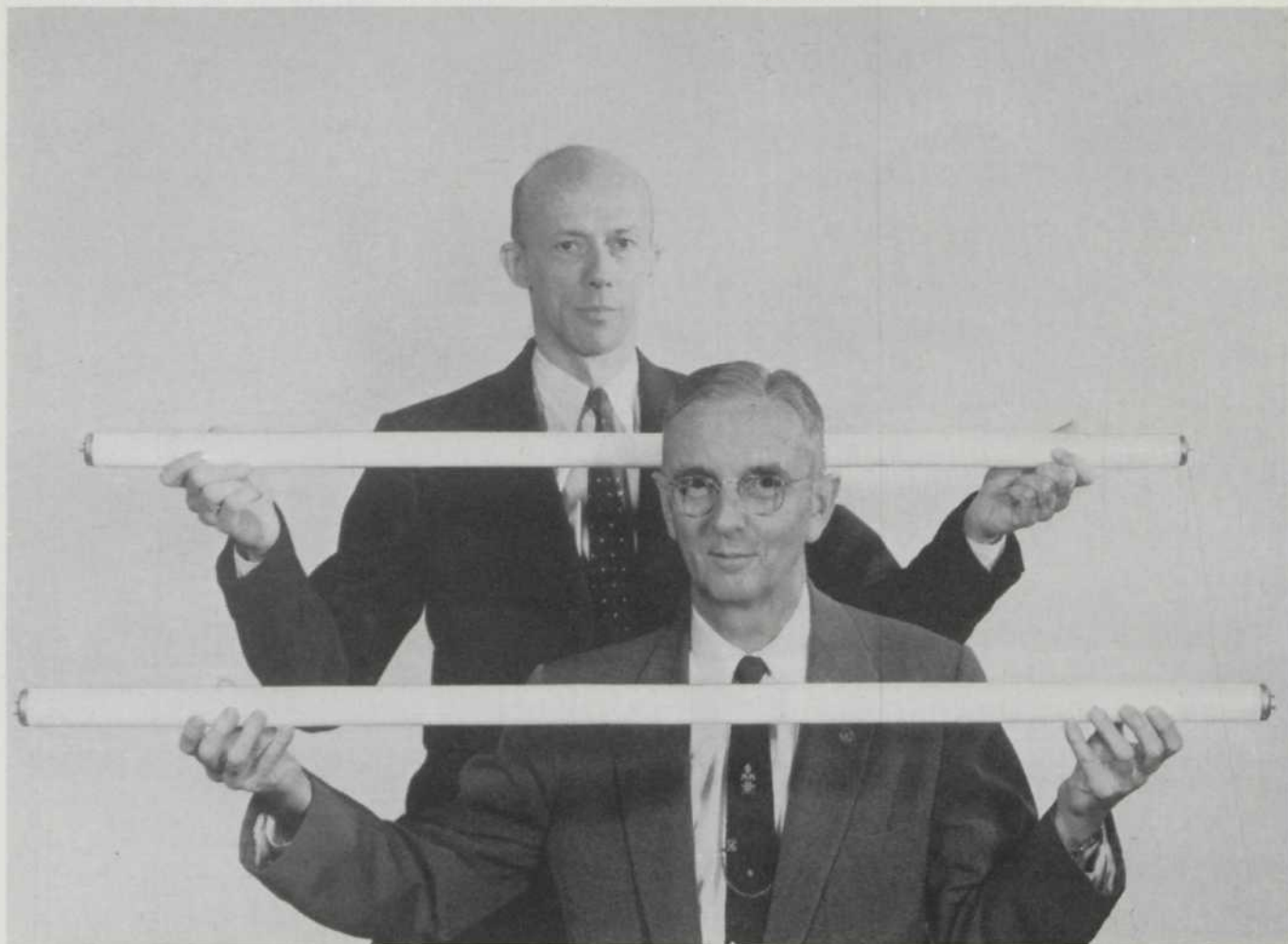


its leadership with its one millionth electric typewriter!

IBM

**ELECTRIC
TYPEWRITERS**





R. N. THAYER (left) AND G. E. INMAN developed first commercial fluorescent lamp in the U.S.A. in 1938. Still with General Electric, they have been key men in many G-E fluorescent lamp improvements.


Today's G-E Fluorescent Lamps give you 76% more light per watt, last 5 times longer... yet cost $\frac{1}{2}$ as much!

The first fluorescent, introduced 20 years ago this month by General Electric, can't hold a candle to today's G-E 40-watt Lamps. A steady stream of improvements from G.E. in Rapid Start and Pre-Heat Lamps has provided up-to-the-minute lighting systems for G-E Lamp users. Efficiency is up 76%, rated life is 5 times longer, and the list price is down 57%! *This means one G-E Fluorescent Lamp dollar today buys as much light as \$20 did 20 years ago!*

NEWEST IMPROVEMENT—"BONUS PHOSPHOR". This revolutionary new G-E process gives you 7 to 9% more light by selecting only the bigger, brighter phosphors to be used in G-E Lamps. It is another dollar-and-cents reason

why you get more for all your lighting costs with General Electric Lamps.

For more facts on the "Bonus Phosphor" and what it means in saving you capital *and* operating costs, write: General Electric Co., Large Lamp Dept. NB-48, Nela Park, Cleveland 12, Ohio.

Progress Is Our Most Important Product
GENERAL  ELECTRIC



SEVEN DEADLY SINS

continued

This is especially a problem in companies which have recently decentralized and have delegated profit responsibilities to a number of division managers.

Procrastination in not adopting sound human relations in industry leads to major labor troubles and peace-at-any-price policies, in the view of Thomas G. Spates, professor emeritus of personnel administration at Yale and former vice president for personnel administration at General Foods Corporation.

Professor Spates says that too many managements have been going along with compulsory unionism, guaranteed annual increases.

"They have been trying to solve qualitative problems with quantitative methods," he says.

But he sees the long-range future as bright, with "emphasis on emotional security rather than economic security, on spiritual values rather than material values, on consultation and explanation and a better understanding of ourselves and our impact on those whose work we direct."

Anger

Harold B. Schmidhauser, director of the executive action program of the American Management Association, tells of a corporate executive who had permitted his dislike of certain things which unions had done in the past to harden into a permanent resentment and distrust of all unions and union leaders.

"This man couldn't sit down with

ANGER



union officials without starting to insult them and antagonize them, often without provocation and regardless of what they were asking for or how they were asking it," says Mr. Schmidhauser.

"The condition got so bad that one year the union—wary of the executive's abusive remarks—called

OXFORD PENDAFLEX® Hanging Folders make top and bottom drawer filing easy!

It takes a lot of digging to get at old style filing folders, jumbled in the difficult top and bottom drawers.

But when folders are Oxford Pendaflex, file clerks have no trouble.

These remarkable hanging-sliding folders publish their identity, and offer their contents instantly in any drawer.

File clerks can forget follower blocks, two-handed opening of working space, shoving papers down into place. The time and effort saved results in lower payroll cost, an end to most misfiling, and a records department geared for service rather than delay.

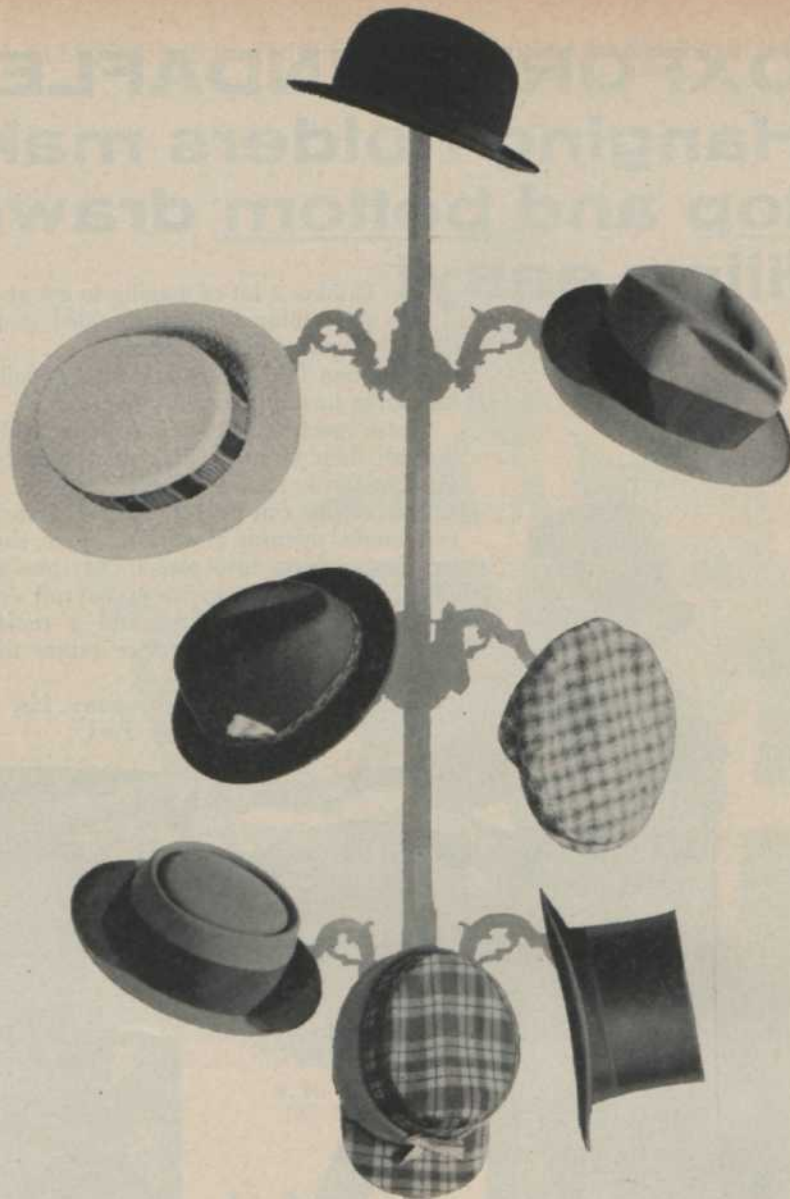
*Oxford Filing Supply Company, Inc.
Garden City, New York*



OXFORD FILING SUPPLY COMPANY, INC.
212 Clinton Road, Garden City, N. Y.

Please send free "File Analysis Sheet" and Oxford Pendaflex Catalog.

NAME _____
FIRM _____
STREET _____
CITY _____ STATE _____



Group Insurance Plans are not alike either.

• Learn the advantages that are yours with LINCOLN NATIONAL . . . no organization too large . . . special employee insurance plans for companies with 5 to 25 employees.

• It pays! . . . before buying any group insurance look at LINCOLN NATIONAL.



Its name indicates its character!

The LINCOLN NATIONAL
Life Insurance Company

Ft. Wayne 1, Ind.

SEVEN DEADLY SINS

continued

a sudden strike even though it had won the points it was seeking through collective bargaining. This shocked the executive into a realization of his blind spot.

Today this man begins all meetings with union representatives by asking them to call him to order should he fall back into his old habit of name-calling. The result is he gets along well with his workers and their union leaders. It may be a coincidence, but he hasn't had a strike since his change of attitude.

Another company president, irked by a nasty and unreasonable letter from a customer, let his anger get the best of him. He answered the letter with an unquotable phrase, and of course lost the customer.

However, "anger is not usually the cause of big mistakes," says Mr. McCormick. By the time a man has reached the top position in an organization, he has pretty well learned when to blow up and when not to. Impatience, as a branch of anger, is at times desirable, Mr. McCormick notes. How patient should you be with unproductive research or market development? You can wait too long, be too tolerant of poor performance. To get the proper balance between patience and impatience, suggests Mr. McCormick, evaluate the task, evaluate the people and their abilities, and evaluate their efforts and procedures.

If a chief executive is in a foul mood and lets his employees know it, this can slow production throughout the organization. "Let's not try to get this program approved today," his submanagers may say, "the old man is in a blue mood."

"It is more important that the executive be aware of how his feelings and mood affect his organization than that he keep his feelings under control," says Dr. Baxter. It's usually better to blow off steam and get rid of it, but let your employees know when you're calm again.

Another form of anger to be avoided is that which impels some men in positions of authority to reprimand subordinates in front of other workers. No one likes to be publicly embarrassed.

Unchastity

In its broadest sense, unchastity is the lack of integrity, decency and moral uprightness.

In its narrowest sense, the term embraces most of the qualities of personal vice.

Lacking integrity is the company

head who promises his workers one thing, but does another; or the man who withholds information vital to the well-being of his associates and workers (such as not telling them until the last minute that he's selling the company, or closing it).

Surveys of executives on the qualities most needed for effective leadership almost always place integrity, or fairness, at the top of the list.

The executive whose personal life is scandalous could hardly set a proper example for his employees.

Bringing such faults to the attention of those guilty of them is another problem. Some companies, in recent years, have added chapels and even spiritual advisers to their staffs in an effort to intensify the moral awareness of executives and rank and file workers alike.

The chief officer of a large mid-western firm for years has made it a custom to distribute inspirational tracts each day to company employees. In cases where employees, or executives, have no religious belief an appeal to what is socially desirable may be in order.

The problem can be tough. In one closely held company, for example, the president has for years been

UNCHASTITY



guilty of marital infidelity. The other officers of the company are aware of this, and are embarrassed by it but, because of the president's big stock holdings, they do little about it.

"No industrial relations program in the world can offset the damage of an executive who publicly gives a bad example," says Dr. Vincent A. Flynn, a psychologist and research director of the Society for the Advancement of Management.

"It is difficult," says Dr. Flynn, "for a subordinate to give his best efforts to an enterprise when he senses that his work is also producing income for playboy activities and other publicly recorded excesses



"We want clear, permanent photocopies—not alibis"

"We photocopy all kinds of material. Typewritten or printed text—pen, pencil and crayon longhand—even complicated illustrations—we use photocopies of them all. And, at times, we need to copy pages from books or magazines with no damage to the original.

"We found the A. B. Dick photocopy duplicator meets all these requirements all of the time—not some of them some of the time. In less than a minute we can have a complete, black on white copy—a permanent copy that is easy-to-file and takes rough handling. Costs only a few pennies."

Why not see for yourself? For an eye-opening demonstration and complete information call your distributor of A. B. Dick products. He's listed under Duplicating Machines in the classified section of your phone book. Or simply mail the coupon.



A·B·DICK®
DUPLICATING PRODUCTS



A. B. DICK COMPANY, Dept. NB-48
5700 West Touhy Avenue, Chicago 31, Illinois

Please send me more information about the new process that means clear, permanent photocopies.

Name

Position

Company

Address

City State



INDUSTRY MOVES AHEAD.....

throughout the "UNION PACIFIC WEST"

As one example, a nationally known rubber company recently established a new sales branch and warehouse in Union Pacific's Omaha Industrial District where several other large concerns are now located.

Executives of the rubber company gave primary consideration to the following important factors in selecting the Omaha site.

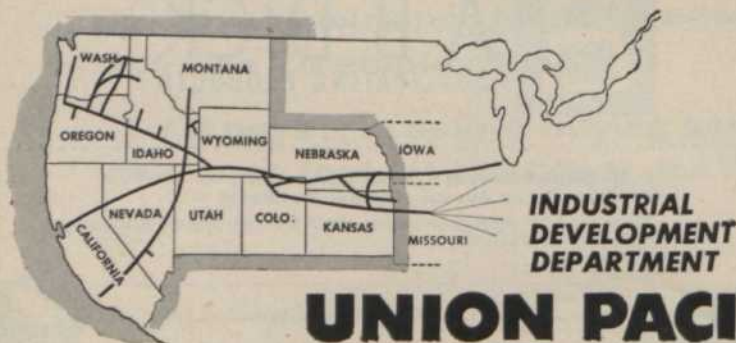
It offered a strategically located point for improved distribution service to customers in Nebraska and neighboring states.

The convenience of Union Pacific's rapid and reliable shipping service in that midwest area.

The fact that the U.P. Industrial District provided an attractive site on level ground, complete with paved streets and necessary utilities.

There are a number of other advantageously located and fully developed industrial tracts in the western area served by our railroad.

For confidential information regarding these tracts, we suggest you contact our nearest representative or get in touch with us direct.



UNION PACIFIC

Railroad

Omaha 2, Nebraska

SEVEN DEADLY SINS

continued

of any executive. The average, decent employee likes to feel his leadership is not only technically competent but also morally acceptable."

Unfortunately, the qualities of the immoral business leader seem to be the ones most often emphasized by the writers and producers of books, plays and television dramas about executive life. There apparently is little luster—dramatically—in the businessman who lives a good, straight, decent life. It's the occasional violator of moral principles who is seized upon as the embodiment of the business conscience.

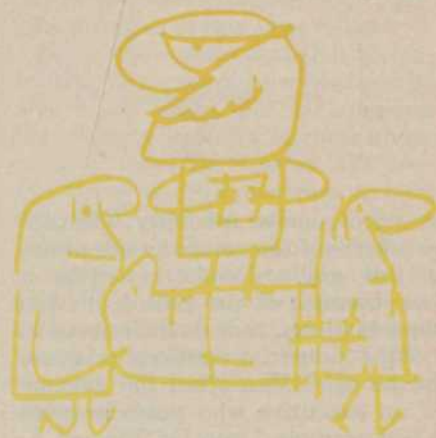
The lesson to be learned from this lopsided view of the businessman is that all businessmen should realize that they are, like it or not, conspicuous people. Therefore, their actions should at all times be those which they will not be afraid to see in print.

Mere acts of philanthropy and civic service are not enough. Ultimately, it requires concrete personal examples of morally straight living.

Greed

Greed—the hunger for power—is not the same kind of problem in business that it once was. In the early days of this country, when great fortunes were being made in a hurry, this term often had real

GREED



meaning. Today greed is still operative, but less obvious.

Most of the authorities canvassed by NATION'S BUSINESS specified that greed as a present-day reality is largely a matter of personal ca-

Now the world's most dependable lighter has a running mate



The Zippo Slim-Lighter is here!

ZIPPO ANNOUNCES the Slim-Lighter. This distinguished new lighter is slim and light—and yet it is as dependable as the original Zippo!

If you have been pondering about employee awards to spur incentive, safety or recognition programs, then the new Zippo Slim-Lighter offers the perfect solution.

Giving the new Slim-Lighters is also a way to show appreciation for customer courtesies in a manner that will not embarrass them or you.

Your thoughtfulness will never be forgotten because a Zippo is made to *work* and if it ever fails to work *we'll fix it free!*

The regular and new Zippo Slim-Lighters are available in a wide range of designs and finishes. Our design department will be glad to help you *individualize* and even personalize your Zippos with individual signatures.

Zippo Manufacturing Co., Bradford, Pa.,
and Canada Ltd., Niagara Falls, Ont.

Zippo Manufacturing Company
Dept. NB-144, Bradford, Pa.

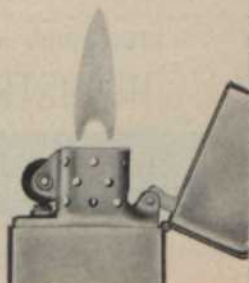
Gentlemen: Please furnish us with complete information on how Zippo Lighters can be of service to our company.

Name _____ Position _____

Firm _____

Address _____

ZIPPO.
THE LIGHTER
THAT WORKS



What Executives Should Know About Industrial Development Research Available in Georgia

Few problems of management are so critical and complex as that of selecting a new plant location. So much is at stake and there's so little margin for error.

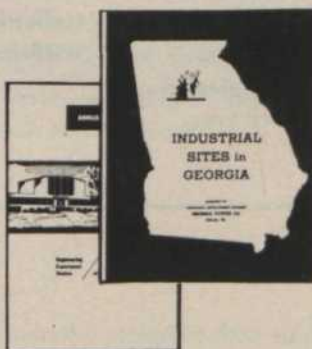
The Industrial Development Staff of Georgia Tech, teamed up with the Georgia Power Company's Industrial Development Engineers, offers the kind of thorough, scientific industrial development research that smart management wants but seldom gets.

Georgia Tech's research organization gives you the services of a large staff of scientists. All of the engineering fields are represented, along with economists, econometricians, statisticians, market analysts and many others.

These men, assisted by Georgia Power's Industrial Development Division, assemble every shred of information that affects or influences your business. They check, scrutinize and analyze all data and statistics. And their findings and conclusions are presented to you in an all-inclusive report that is factual and thoroughly objective, uncolored by any special-interest influence—the kind of report that will enable you to make a decision on your plant location with complete confidence.

GEORGIA TECH RESEARCH REPORT

We believe you will be interested in reading a full account of the industrial research service available to you in Georgia, and it will be our pleasure to send you a copy of the current Georgia Tech Research Report, free of charge along with our most recent directory of Industrial Sites In Georgia. No obligation, of course.



Write, Wire or Phone E. A. Yates, Jr., Manager

INDUSTRIAL DEVELOPMENT DIVISION

GEORGIA POWER COMPANY

Box 1719-F, Atlanta 1, Georgia • JACkson 2-6121

SEVEN DEADLY SINS

continued

reer piracy. For example: the greedy department head who wants to expand his own authority even if it means gobbling up the jurisdictions and jobs of other executives. In this instance the cause of the greed may in fact be a personal insecurity which drives its possessor to seek control of more activities as a way of fortifying his own status.

Greed ought not to be confused with healthy competition and the desire to grow. There's nothing wrong with wanting to increase sales, to expand plant capacity, to make more jobs for more people. There is something wrong with deliberately undermining a fellow executive, or in using immoral or inhumane means to advance your own career over that of others.

Greed frequently creates problems in lines of work in which ideas are the principle products produced. Because an idea is intangible, it is difficult to stake out ownership of it.

Creative people, the psychologists explain, are especially susceptible to the temptation of greed, particularly if they have seen some of their own ideas snatched away by greedy associates. One man—in the publishing field—related that idea-snatching has reached such proportions in his organization that men will bolt for their editor's office like wild-eyed homesteaders in a land rush to lay first claim to a new idea.

"If you're in the way, you could get trampled," the man observes.

Gloominess

Gloominess, pessimism and fear can do untold harm in business.

A sales manager returned from the most important appointment of the year as far as the company's future was concerned. He stalked into his office glumly and shut the door. Throughout the office, pessimism spread. He hadn't closed the deal, was the automatic conclusion. In one huddle two salesmen spoke of quitting. Others began to worry about their futures. Actually the sales manager had signed up the multimillion dollar customer, but he had fallen and banged his knee on the steps to the building and was still in pain when he entered his office.

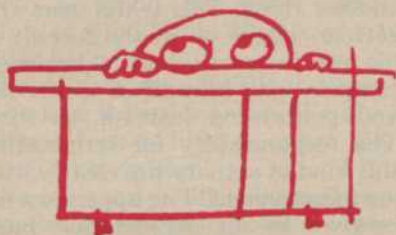
The man who is afraid to change and to accept new ideas, notes Dr. Baxter, will discourage his people from continuing to come up with new ideas or will make them quit.

Mr. McCormick maintains that the proper balance of offensive (or optimistic) and defensive (or pessi-

mistic) thinking makes the perfect manager. But rarely does the perfect manager exist, he says. The defensive one is satisfied to take no more of the market than he has. He squeezes costs so tightly he nibbles at quality. He reduces expenses so that he can't properly promote his business. He's afraid to do basic research because it might not pay off.

If an executive sees fears and hesitations in his employees, he should look at himself to see if he is fearful, or is allowing some other attitude to

GLOOMINESS



influence his employees' feelings, says Dr. Baxter.

Pessimism is infectious. The worker who always sees the worst side of things, who moans about the way things are going, can spread his feelings to others. Unless corrective action is taken, a cell of unhappiness can multiply rapidly.

One way to keep the naturally pessimistic type of individual from doing damage is to give him as little to work with as possible.

The pessimist will magnify an office rumor into a portent of doom. Antidote: Don't let rumors get started. Communicate frankly and regularly with your employees; scotch wild stories before they get started.

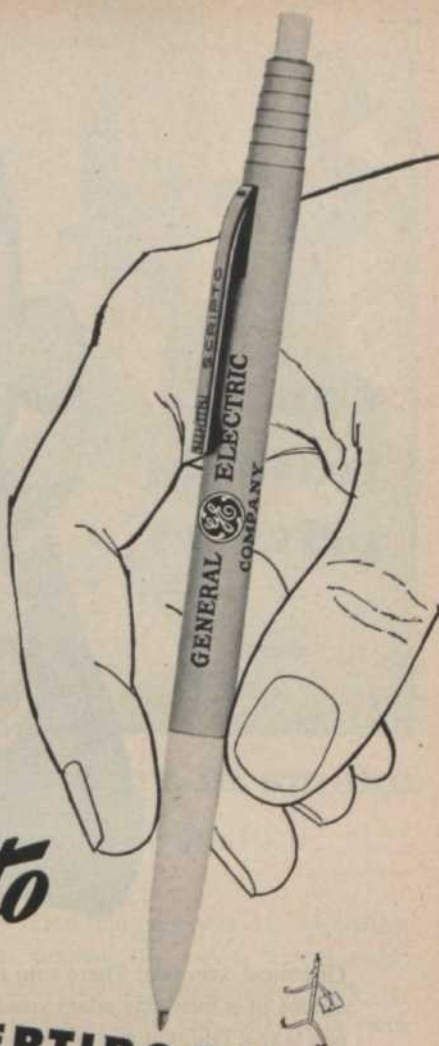
There is something to be said for the informal gripe sessions which can be found in any work environment. But gripe sessions should not be allowed to become too regular or too protracted. Gripe can become habitual and, if it does, a paralysis of the spirit can sweep through the organization.

Indifference is another aspect of pessimism or gloominess. The pessimistic worker or executive generally—but not always—is an indifferent worker—a trouble-maker in his worst moments.

Psychologists warn, however, that you can't remove the ill effects of pessimism by getting rid of the pessimists. All work groups tend to produce a certain number of pessimists. If you chop two off the payroll two more appear to take their place. Another reason surgery won't



**Put your sales story
in their fingertips
for keeps!**



Scripto

FINGERTIP • SELLING

PUT YOUR SALES STORY on genuine Scripto pens and mechanical pencils, the ones folks want the most! ADGIF offers you 40 fabulous models—ball pens with famed Rx* ink, pencils, sets—a complete line! Eleven sparkling barrel colors... two-tones... 9 contrasting sales message inks! Use as calling cards... door openers... in grand openings... at conventions... in sales campaigns... to win jobber salesman and retail clerk cooperation... as gifts to plant visitors. *Whether you can spend a few cents or a dollar or more per item, you can afford to use SCRIPTO.* Send coupon now—

CLIP COUPON
MAIL TODAY

ADGIF COMPANY A DIVISION OF SCRIPTO, INC.

Post Office Box 4847, Atlanta 2, Georgia

Rush Facts about using Scripto pens and pencils in my sales promotion activities. Please include prices. I understand there is no obligation.

NB-82

NAME _____
TITLE _____
COMPANY NAME _____
COMPANY ADDRESS _____
CITY _____ STATE _____

Scripto

The World's Largest Selling Line!
Over 70 Million Pens, Pencils Sold in 1957!

Advertising Specialty Salesmen! A few U.S. territories are still available. Direct sales only (no jobbing)... protected accounts... firm selling prices... 80% repeat business. Write in confidence to box number in coupon above.

Can't I travel in privacy?



Of course, you can! There's no need to prolong the stresses and strains of a busy day when you leave on an overnight trip. You can take a Pullman and *relax* in the private comfort of your own quiet, peaceful quarters!

No other form of time-saving travel is so restful to both mind and body. No weather worries or uncertain schedules . . . no highway hazards or traffic problems . . . no searching for meals or lodgings. You haven't a care in the world as you settle down to energy-renewing sleep in a king-size Pullman bed!

Next morning, you arrive at your destination rested and refreshed—and on time. You're in the *center of town*, too. Not miles out, with a time-wasting ride ahead of you.

Try "Travel by Pullman" on your next overnight trip. Make it your regular, restful, safe travel habit. It's an investment in your own personal comfort and well-being . . . and it brings important benefits to your family and your firm, too!

RELAX IN THE PEACE AND QUIET OF



Pullman



*Have a
rent-a-car
waiting
if you wish!*

SEVEN DEADLY SINS

continued

work is that sometimes the most dissatisfied workers are also the most creative and productive.

Psychological insecurity, or fear, also grows out of gloominess.

The fearful submanager—the man unsure of himself or his job—can be driven to fantastic extremes in his efforts to counterbalance his inner feelings. A common countermeasure: apple polishing.

While this is generally a sign of insecurity, it can also be a coldly calculated performance based on a man's awareness that his boss has a weakness for flattery.

The compulsive apple polisher is another thing. This is the man who gets so caught up in the torrent of his own insecurity that he begins to compete with himself in contriving and performing feats of servility. The responsibility for terminating this kind of activity lies clearly with top management. The uppermost executives in an organization must show by words and acts that they will not tolerate the apple polisher.

Overcoming the 7 sins

The first step in doing something about one's own weaknesses is to identify them. This is difficult, psychiatrists and psychologists say, because you may feel only a vague dissatisfaction with yourself, your work or your life.

Signs that a fault or weakness is coming to the surface in your job may appear when you are left out of the planning on a certain project, when your advice isn't sought on a problem, when communications between you and the people under you seem difficult.

"You have a nagging feeling that things just aren't going right," one psychiatrist explained.

It's seldom satisfactory to consult a friend about these worries and dissatisfactions, because few friends, if they want to remain friends, will point out a basic weakness in someone or attempt to analyze a complex of shortcomings.

"Sit down and try to work it out yourself," suggests one psychiatrist. "In doing so you must call on all your honesty and objectivity." For example, if what seems to be troubling you is another manager who always seems to be guided through the maze of business problems by Lady Luck herself, look a little closer. You may find on honest analysis that what bothers you is that this manager has strengths where you yourself are weak. The reason he may be getting ahead is that he is

not a procrastinator and you are. He dives right into a problem and gets to the heart of it quickly. He is not afraid to suggest solutions at staff meetings, whereas you often hold back for fear of criticism and because your pride might be hurt if yours eventually is not shown to be the best answer. By honest analysis, you find that you are envious, proud and a procrastinator.

"It's not at all easy to face specifically the things that make us uncomfortable or that upset us," one psychiatrist said. "Most of us avoid this kind of analysis. We say that we aren't satisfied with the way we do things but that there are good reasons why we must do them a certain way. It's painful to admit we're greedy or proud. We blame others or fate or conditions. We stop short of the truth."

Sometimes we admit our weaknesses in a superficial way. We say,

"Sure I envy him; so what. So does everybody else."

We fall short of effective analysis here, too, psychiatrists point out. To analyze fully, we must see not only the real cause but also the damaging effect of a weakness.

It's always easier to identify the weaknesses in others than to see our own faults. It is probably more difficult to pick out the faults in those under us, however. As one psychiatrist put it: "Because we have such authority over those below us, we sometimes tend to restrain ourselves unconsciously by being more benevolent to our subordinates."

The best way to help subordinates minimize their weaknesses is by setting a good example and by counteracting their weaknesses with an atmosphere from which they can gather strength.

In trying to help your subordinates overcome faults, the personality of the subordinate must be considered, psychiatrists caution. A firm, straight-from-the-shoulder talk would help one employee. An indirect show of confidence and support could help another.

A subtle, over-all technique, and "one of the most important things you can do," suggests the psychiatrist, "is to try to get across a feeling that your organization is interested in the employees, that it's going to do what it can to help them and give them as much freedom to grow as possible. Develop a sense of loyalty, and a feeling of belonging."

"Isolation is bad. If management is isolated completely from employees, it diminishes the belonging feeling. If the feeling of belonging is built up, it can counteract and minimize the tendency for faults to develop. You can't remake your em-



Our budget nearly went up in smoke (Until Mary Brought in the Osmefan)

Nothing galls our Financial V.P. like the smell of a strong cigar. Recently, while reviewing our budget, I made the mistake of lighting up my favorite Havana. The V.P. took a deep breath, gagged, and our budget and three months work nearly went up in smoke.

But Mary, my wonderful secretary, in her usual efficient manner, quickly brought the problem under control. She slipped into my office with the Airkem Osmefan that we normally use in the file room to get rid of stuffy odors. She plugged it in and in no time at all the room was smelling clean and fresh. The V.P. relaxed and we got our budget.

If cigar or cigarette smoke, mustiness, stuffiness or other office odors are tainting the air around you, it's time you called your

Airkem representative. He specializes in making the indoor air pleasant, clean-smelling and easy-to-work in. Countless firms use Airkem in both air conditioned and non-air conditioned areas such as board rooms, offices, file rooms, eating places, sales floors and restrooms. Other Airkem products will help protect your personnel from disease while keeping your business area clean and bright.

Airkem products are distributed through an international sales organization. Several exclusive distributorships are still open to men who have a successful business background. If you would like to have a profitable, full-time business of your own, in an exclusive territory, write for information.



AIRKEM, INC.

NB-48

241 East 44th Street, New York 17, N. Y.

☐ Please send me information on Airkem Services

☐ Send me details on an Airkem distributorship

Name

Title

Company

Address

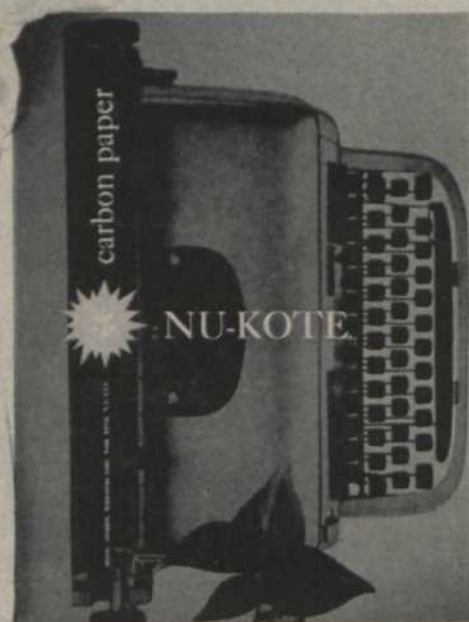
City Zone State

MAKES CLEAN BREAK WITH PAST NU-KOTE[®]—the most remarkable newcomer in the history of typewriter carbon . . .

Turns out copies that can't smudge or smear! Outlasts ordinary carbon 3 to 1, sheet for sheet. That's NU-KOTE, the first really different typewriter carbon.

What else is new? NU-KOTE's plastic base. Its unique printing press principle of making impressions—all of them clear and sharp from first to last. One weight, one finish, NU-KOTE can be used on any typewriter for just about every copy job imaginable, reducing costly inventory.

SEND FOR FREE NU-KOTE SAMPLE: Write Dealer Sales Dept., Burroughs Division, Burroughs Corporation, Detroit 32, Michigan.



Buy it wherever you see this sign

SEVEN DEADLY SINS

continued

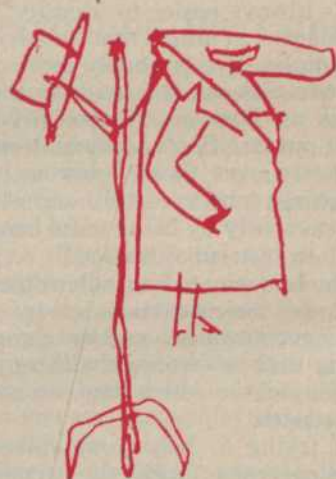
ployes, but you can help develop positive qualities."

"We don't do enough sitting and rocking," suggests Dr. Baxter. "We should take the time to get acquainted with ourselves. The only way to learn about ourselves, our feelings and our emotions and those of others is through practice."

"The man who gets to the top and stays there is the one who has developed insight into himself and other people."

"After you have met with some colleague or employe over some matter and after he has left your office, analyze what happened, and try to determine why it happened. To be more aware of basic feelings, use a checklist to try to understand why a person is acting as he is. You could ask if he is proud, envious, greedy, angry, lazy or what."

Dr. Bradshaw suggests that, if ex-



ecutives can get away from their jobs for a while, they can better reflect and appraise themselves.

Harold Schmidhauser says the seven deadly sins determine the basic attitudes of all people. He explains that these attitudes or feelings arise from three levels of awareness—the unconscious, subconscious and the conscious.

Before a man can recognize and begin to correct his defects he must first raise them up from his unconscious or subconscious mind and fix them clearly in his conscious mind, where he is aware of their presence.

Three things which will help to effect this transition are role-playing, counseling and coaching. Since attitudes are a product of experience it is vital that the individual ex-

ecutive be made to re-live his experiences. Only in this way will he be able to see where he has failed, or has acquired a bad attitude.

"A manager can't completely change a personality," Mr. Schmidhauser cautions, "but he can, through intelligent recognition and investigation, help to improve the situation. The key is overcoming the resistance to change, which can be physical, psychological or sociological. If a manager doesn't recognize resistance to change in himself he can hardly spot it in others. For much this same reason psychoanalysts are required to be psychoanalyzed before they enter practice."

Ewing W. Reilley, director of McKinsey & Company and president of the McKinsey Foundation for Management Research, suggests that a noncritical observation of yourself is more effective than trying to fight an undesirable quality. Worrying about it, fighting it and becoming emotionally involved with it can make a weakness worse. A detached analysis can help eliminate it.

At the end of the day, you can rethink the events and observe how your weakness exhibited itself, says Mr. Reilley. Examining this play-back, you can determine how you should have acted to avoid this weakness. Again, the first thing in the morning, you can try to plan your day to avoid a weakness or be aware of how a fault might come to the surface.

Consciously thinking about your weaknesses at these times is best because the mind is most susceptible to suggestion then, he explains.

"It's tough to do this, but it's the most practical technique I know of," he says. There has been success, too, in group therapy. Members of groups like Alcoholics Anonymous lean on each other for strength in controlling their weakness. Spiritual groups made up of young executives, who meet to read parts of the Bible and see how it applies to their lives, have grown up in some cities.

Another possible technique, Mr. Reilley suggests, is teaming up with a fellow executive who supplements you in your strengths and weaknesses. As Emerson said: "Idea and execution are seldom found in the same head." Everyone is lopsided. But a team operation utilizing strengths to offset weaknesses can help minimize shortcomings. **END**

REPRINTS of "How to Avoid Managers' Seven Deadly Sins" may be obtained for 15 cents a copy or \$10.15 per 100 postpaid from Nation's Business, 1615 H St. N.W., Washington 6, D. C. Please enclose remittance with order.



HOTEL MULTNOMAH, PORTLAND, OREGON, distinguished western hostelry, replaced roof sprinkler cooling with Tropical Coolerant, assuring greater comfort for upper-floor guests.

Beat Summer Heat with Tropical's Aluminum **ROOF COOLERANT**

Increases Upper-Floor Comfort, Saves Money

—reports C. R. Lindquist, manager

Hotel Multnomah used a roof sprinkling system for several years to cool upper floors. Spring, 1957, it was removed and Tropical Coolerant applied. "We found the aluminum coating does two things," writes Mr. Lindquist: "(1) It reflects the sun's rays and upper floors are just as cool, if not cooler. This saves money on our water bill. (2) It keeps the roof flexible and free from cracks. We are more than satisfied."

Apply Tropical Roof Coolerant (a specially formulated, easily applied roof coating) and the mirror-like metallic surface *immediately* reduces below-roof temperatures as much as 26°—and keeps them down—by deflecting up to 70% of the sun's rays. Air conditioning load is cut as much as 25%. Coolerant can do the same for you—call your Tropical man today.



Send for this FREE Book on Coolerant!

Your business letterhead brings free information on Tropical Roof Coolerant for banks, hotels, factories, showrooms, auditoriums, stores and warehouses. Write today!

TROPICAL PAINT COMPANY • 1134-1282 W. 70th St., Cleveland 2, Ohio

Heavy-Duty Maintenance Paints Since 1883



TROPICAL

**SUBSIDIARY OF
PARKER RUST PROOF COMPANY**



CONFORMITY CAN STIMULATE IDEAS

Here's how managers can encourage innovation and yet maintain the organization that they need

A NEW PHENOMENON seems to threaten the vitality of the American business spirit.

A strong trend toward conformity appears to have replaced the independence of thought and action which has been a prime characteristic of our economy. Some fear that already the "organization man" has replaced the bold and imaginative innovator; that complacency and a regard for the conventional are beginning to have a deadening effect on free enterprise.

How much basis is there for these apprehensions?

There can be no doubt that much more conformity in thought and action exists in business today than before World War II. But much of this is natural and is to be expected in a maturing economy.

As a company grows, it exceeds the personal scope of individuals, no matter how great their abilities. As operations become larger and more complex, the company must bring to focus a great variety of technical, professional and management skills. It must develop a broad base of standardized methods and procedures. All this demands conformity. It forces people to organized group effort as the best means of producing the required results. The bold originality and ag-

gressive individualism that helped the company in its beginnings can become liabilities unless they are tempered by a large share of team effort.

But conformity, in its turn, may receive such emphasis that it stifles free and original thinking and personal initiative. That is where the danger lies.

A balance can be struck by consideration of five key principles:

- ▶ The company organization structure should be designed to provide the necessary framework of conformity, yet encourage original, independent thinking and action by individuals.
- ▶ Management should be prepared to invest both money and effort to stimulate innovation at all levels.
- ▶ Individual managers should delegate in terms of completed work to break the shackles of overconformity and release the creative energies of their subordinates.
- ▶ Willingness to work in a team spirit is mandatory and should be required of each individual; however, management should encourage and reward nonconformity within this framework.
- ▶ People should be trained in cre-

ative, independent thinking to offset the inertia that tends to develop with conformity.

Organize for creative conformity

The required conformity in company operations can be both established and limited by development of those plans and controls that management has determined are necessary for standardization. Policies are a necessary part of this planning.

A policy is a standing decision that applies to repetitive situations wherever and whenever they may occur. To illustrate: The Green Giant Co., which processes and markets food products, has a policy that it will liquidate the pack annually. This ensures that the old pack will be sold off before the new pack comes in, so that the latter will not be stacked in inventory. This policy decision secures necessary conformity on inventory matters in the widely dispersed plants of the company.

Procedures are statements directing how certain work is to be performed. When applied to the operating and administrative activities of the business, they ensure that the methods of work will be uniform and that the product will meet the necessary standards.

Programs and budgets help maintain conformity by placing limits on the activities that people can undertake and the money they can spend. These plans need not be unduly restrictive, however, if they are developed in terms of limits and do not attempt to dictate how every penny is spent and each motion is performed.

An effective control system maintains required conformity by establishing standards of performance. It also provides a systematic means for recording and reporting the work performed against these standards. If reporting is in terms of variances, accountable managers can be alerted to exceptions in performance, but will find it unnecessary to supervise subordinates so closely that they lose initiative.

The organization structure can be designed so it greatly stimulates creative and independent thinking. One way it can do this is by helping to free managers of detail. Nothing is so conducive to unhealthy conformity as engulfing a manager in so much routine that he can never break out of the rut.

Consider, for example, the sales

vice president of one consumer products company with headquarters in New Jersey. He spent much of his time on the road and did practically no forward planning. His business suffered as a result, but, try as he might, he never seemed able to get away from the burden of minor detail and routine.

Organization analysis showed that he was spending 25 per cent of his time in sales conventions and meetings of his field sales supervisors, 15 per cent in personal selling, 10 per cent traveling with salesmen, and 20 per cent in administrative detail. The balance of his typical 12-hour day was devoted to coordinating his market research, merchandising and sales service staff groups.

The solution was to set up a field sales manager who supervised all field operations. Then only the exceptional and really important problems came through to the top man. With more time to work closely with his staff—his technical consultants for new ideas—and yet have more personal freedom himself, the sales vice president was able to plan a forward-looking sales campaign that injected a new stimulus into the company's marketing effort.

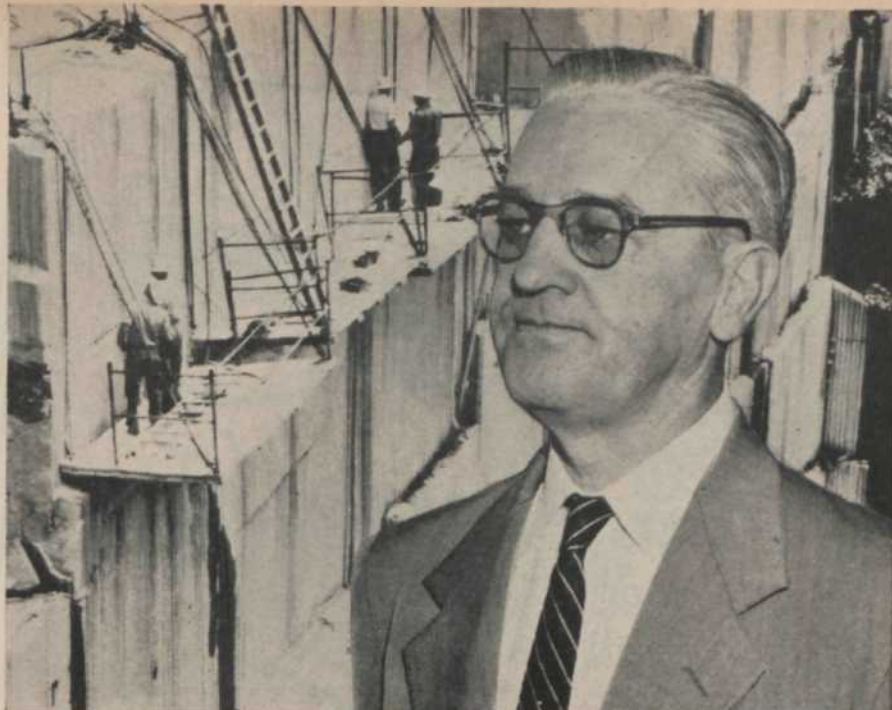
The belief that a formalized organization structure, in and of itself, will stifle creative thinking springs from a misunderstanding of the purpose of formal organization.

When jobs are carefully defined in writing and organization charts are prepared, the purpose should be to define broad limits of responsibility, within which individuals will have great latitude in developing new and improved ways of doing things.

Formal organization, properly designed, does not tie people down. Rather, it prevents overlap and duplication of effort and forestalls the temptation of empire-builders to take over unrelated responsibility and authority. A well defined organization will demand creative results from creative people and will recognize and reward both the professional manager and the specialist.

Consider, for example, the case of American Enka Corp., rayon yarn manufacturers. J. E. Bassill, president of the corporation, has long recognized that his management must come up constantly with new thinking to succeed. As a matter of policy, he sees to it that managers in Enka delegate details and routines to the maximum so they will be free for creative management.

The feeling that it is wise to set up jobs so people can specialize to the greatest possible degree has



Rock of Ages has been digging granite out of this 22-acre quarry for 98 years.

How to build sales support for your dealer organization

H. J. HEINZELMAN, Sales Manager, Rock of Ages Memorials, Barre, Vermont, says: "We started using Trade Mark Service in 1947 and are now spending approximately 10% of our advertising budget in the Yellow Pages of 422 telephone directories. We know Trade Mark Service is a valuable adjunct to our national advertising and has gone a long way to help us build a stronger dealer organization."

"Our ads, which of necessity must be dignified, always carry the Yellow Pages emblem to help guide prospects to our dealer trade-mark listings in the classified."

Rock of Ages experience proves that no matter how unusual the product, Trade Mark Service in classified telephone directories can direct sales to authorized outlets. Make your advertising pay off at the local level with Trade Mark Service in the Yellow Pages. For complete information call your telephone business office.

ROCK OF AGES MONUMENTS & MARKERS

Only when your monument, or marker, bears this seal is it guaranteed by Rock of Ages

Sold only by authorized dealers listed below.



"WHERE TO BUY THEM"

HALL H T INC

Display and Indoor Showroom
Stockton Lake Blvd & Parker Av
Mansquan, CA 95131 3-2323
Res 7 Chicago Blvd Sea Girt Glbn 9-5454



ROCK OF AGES trade-mark in 422 classified telephone directories identifies authorized dealers in forty-eight states.

"OUR ROCK OF AGES trade-mark tie-in in the Yellow Pages brings many orders," says Harold Hall, Jr., Mansquan, N. J.

STIMULATE IDEAS

continued

**More freedom for
managers helps
initiative**

BILLS

can't be paid
with receivables

PAYROLLS

can't be met
with inventory

TAX PAYMENTS

can't be made
with fixed assets

If your company needs more cash COMMERCIAL CREDIT offers a fast solution . . . whether you require \$25,000 or millions . . . for months or years. Our methods usually provide more cash than other sources. Funds are available as long as needed without negotiations for renewal. Manufacturers and wholesalers used over a billion dollars last year. Contact the nearest COMMERCIAL CREDIT CORPORATION office listed here and say: "Send me more information about the service offered in Nation's Business."

Consult

Commercial Credit

**Capital and Surplus
Over \$200,000,000**

300 St. Paul Place, Baltimore 2
222 W. Adams Street, Chicago 6
722 S. Spring Street, Los Angeles 14
100 E. 42nd Street, New York 17
112 Pine Street, San Francisco 6

COMMERCIAL CREDIT COMPANY subsidiaries, during each of the last several years, advanced over one billion dollars to manufacturers and wholesalers to supplement cash working capital. The total volume of finance subsidiaries amounted to over three billion dollars.

pretty well gone out the window. While specialization has advantages, the process can be carried too far. The individual who is held down to a single, routinized operation has his horizons so compressed he literally can see no farther than his nose. This condition is deadly to creative thinking.

Organizing jobs to push out their limits is one way companies have found to give people the broader and more varied tasks that stimulate creativity. In Portland Copper & Tank Works, Inc., for example, welders at one time were assigned strictly to specialized jobs either in manual welding, metal-arc, or automatic machine welding. Results as measured in production and quality were only average.

Then management introduced what was, at the time, a startling new concept. Each welder was put in business for himself. He was given his own welding booth and provided with the machines and equipment he needed to do all types of welding and related metal operations on the assemblies he handled.

Results were dramatic and immediate. In addition to welding, welders began to think. If an operator was doubtful about the quality of a weld, he would call for the inspector at once for an on-the-spot check. New ideas to improve the assembly operations sparked on all sides. Production went up 20 per cent and turnover went down to almost zero.

This kind of thinking applies with equal force to management positions. The creative manager is the one who has been delegated the authority to use his imagination. This means the authority to invent new ways of doing things, to develop his own methods, and to keep track of his own operating results.

In AMI Incorporated, manufacturer of automatic musical instruments and related products, every manager does his own planning, within the limits of corporate policy, and organizes the activities he supervises. He selects, trains and develops his own people. To give him the widest possible latitude, he records and reports the results of his own operation and performs his own

analysis of operating data as a basis for forward planning.

The Lincoln Electric Co. also follows this pattern. Lincoln Electric looks upon its foremen and supervisors as entrepreneurs, each operating his own small business. The foreman is given a budget which provides him with the resources he needs to plan his work, organize jobs the way he thinks best, and boss his own operations. Foremen are encouraged to look into such plant problems as methods, layout, and safety and to come up with independent recommendations.

Invest in innovation

Money and effort are necessary to establish the conditions that encourage creativity. Management must be willing to make this investment and to back up its creative people.

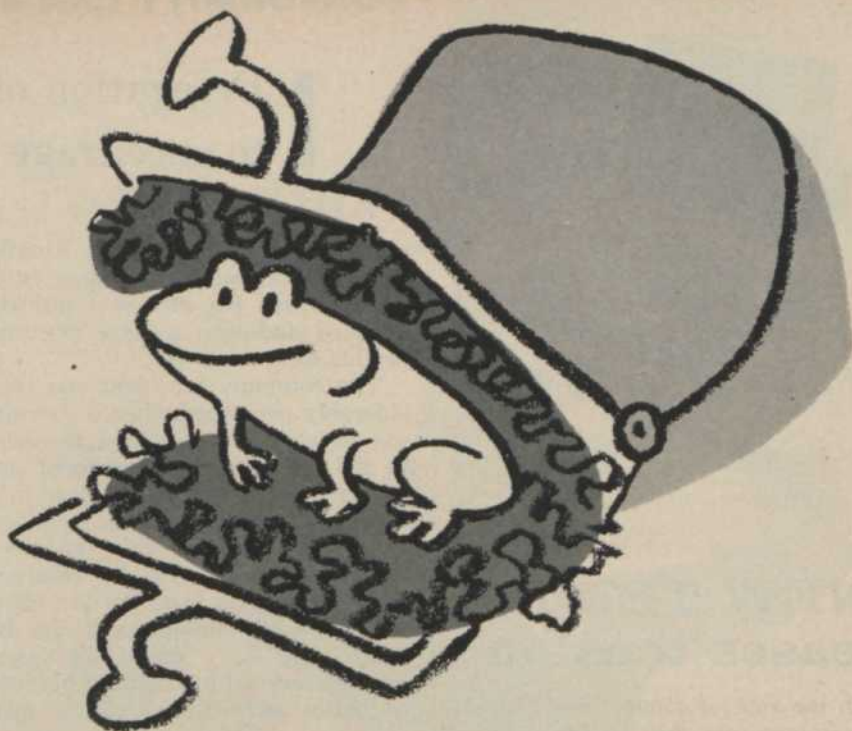
The fact that no more than one in 20 research projects—and this is typical of chemical research—pays its way has never deterred the E. I. du Pont de Nemours & Co., Inc., management from underwriting one of the most comprehensive research efforts in industry.

To point the moral in dollars and cents, when Du Pont went into the manufacture of dyes, it invested \$43 million over a period of 18 years before profits offset accumulated operating losses. Nylon development gobbled up more than \$27 million before a payoff was in sight.

The Du Pont organization is dedicated to individual initiative and to the encouragement of new ideas and new thinking. Du Pont is willing to make huge investments in the judgment and imagination of individuals so they will feel both the freedom and the stimulus to be fully creative in their thinking. To illustrate: A product division manager in Du Pont literally runs his own show within the framework of company objectives and policies. He selects his own people, directs his own sales, production and research. He can buy his materials from other divisions within Du Pont or from outside sources, wherever he can make the most advantageous arrangement. He even competes with other company divisions in the sale of his products, both within the company and on the open market.

This kind of attitude galvanizes those individuals who are more eager to have a chance to succeed or fail in carrying out a new venture than they are in guaranteed security. It does not exist everywhere.

The chief engineer in a large basic metals company, for example, several times turned down a radical—and brilliant—new idea for an advanced product design offered by



Is the green that lines your pocketbook—moss?

No disrespect to moss intended. A very useful plant. Pressed hard enough it may eventually even form peat.

But in the pocketbook—NO! A far better lining is that crisp, crackly green known as money.

The subject of these few paragraphs is *extra* money. Money in addition to your pay . . . money in the form of dividend checks from common stock.

A surprising number of people believe that you have to have a big income to own stock. Sheer nonsense. Two out of three shareowners have incomes under \$7500 a year. Many are acquiring stock in some of America's greatest companies—for as little as \$40 every three months, up to \$1000 a month, on the Monthly Investment Plan.

As many people know, when you own stock you are part-owner of a company. As an owner you can share in profits through dividends. And share in any growth through possible increase in the value of your investment.

The pleasant truth is that there are more than 300 stocks on the New York Stock Exchange that have paid dividends every year from 25 to more than 100 years. They're all listed in our useful booklet, "DIVIDENDS OVER THE YEARS." It's been newly revised. And the coupon brings it to you, free.

But please don't think that making a sensible investment is as simple as leafing through a booklet. It's important to use only money left over after living expenses are paid and emergencies provided for. Then get the facts about the company before you invest your hard-

earned money in it. Never depend on tips or rumors. For a company may not pay a dividend, may not go forward. And stock prices go up and down.

Best of all—make a new and helpful friend: a broker. Make sure he's with a Member Firm of the New York Stock Exchange. You'll get a cordial welcome from him. He'll share his experience with you, help you get facts you need, help you buy or sell. Ask him whether he thinks bonds would be better for you than stock. And from time to time ask him to review your securities with you.

Is the green that lines your pocketbook crisp and crackly? Take a step towards a possible extra income by sending in the coupon before you turn the page.

Own your share of American business

Members New York Stock Exchange

For offices of Members nearest you, look under New York Stock Exchange in the stock broker section of your classified telephone directory.

Send for new free booklet. Mail to your local Member Firm of the Stock Exchange, or to the New York Stock Exchange, Dept. D-38, P. O. Box 252, New York 5, N. Y. Please send me, free, "DIVIDENDS OVER THE YEARS, a basic guide for common stock investment."

NAME _____

ADDRESS _____

BROKER, IF ANY _____

Delegation of authority can be used to encourage better methods of work



NEW TEMPO eases tension

With the kind of comfort you'd expect only in your easy chair at home, Harter Tempo chairs help smooth over the tensions in today's offices. Harter's correct posture design and specially molded foam rubber cushions do the trick.

Give yourself and your office a lift with smartly styled Harter Tempo chairs—also side and secretarial models. Write for full-color folder, we'll send name of dealer nearest you.

HARTER CORPORATION
409 Prairie St., Sturgis, Mich.



LISTO marking pencil
writes on everything!

Makes a clean, bold mark on any surface.
Refills in black, red, blue, green, yellow, white.
At variety and stationery stores everywhere. **27¢**

15¢

LISTO PENCIL CORPORATION, ALAMEDA, CALIFORNIA

PHOTOS 24 HOUR SERVICE
ONE OR A MILLION
YOU CAN'T BUY A BETTER PHOTO AT ANY PRICE!
FREE DELIVERY ANYWHERE IN U.S.

Write or Phone For Complete Price List
HO. 7-6178
QUANTITY PHOTOS, Inc.

1000 8x10 Glossies 7c ea.
5509 SUNSET BLVD.
HOLLYWOOD 28, CALIF.

one of his design engineers. Finally the idea man went to another company, where his idea was quickly adopted and won a large contract for his new employer.

The company president was considerably perturbed when a consulting psychologist, retained to assist in the company's management appraisal program, made it clear that the reason for such failures stemmed from the top. The chief engineer felt insecure because he received little recognition from the president for the really outstanding job he was doing. As a result, he interpreted every achievement of his subordinates as a threat to his own position.

The natural and deep-seated human fear of change can also slow up creativity. The person with a new idea can be certain it will be opposed—often with more stubbornness than logic—by every individual who has the slightest idea his status, position or relationships will be affected in any way. The only sure way to overcome this resistance is by psychological counterattack—through participation.

Require completed work

Full and complete delegation of authority and responsibility is the best way of creating the freedom necessary to stimulate creative effort. However, how delegation is accomplished is important. People should be told what is required of them, but they should not be told how to do it unless standardization is vitally important. The manager who wants heads-up, imaginative job performance should avoid delegating detailed instructions along with the job assignment. The best way to accomplish this is to delegate in terms of completed work.

Completed work means that the manager requires his subordinates to carry out assignments until they have a finished package to present. There is no checking with him in the interim to find out how he would do it, and no asking for tentative decisions. Completed work requires the manager first to define carefully what results are to be accomplished. He then establishes the necessary controls to make sure things will go according to plan without his personal intervention. Within these limits, he gives sub-

ordinates full authority to go ahead on their own.

Chance Vought Aircraft, Inc., uses this approach in designing and building advanced models of aircraft and missiles. To obtain completed action, the company requires that the person assigned a job think it through in complete detail. When he comes to his boss, his recommendation is such that only a "yes" or "no" is required. Chance Vought finds that this approach stimulates real creativity, because it throws each individual more completely on his own resources. More than this, completed action protects the boss from half-baked solutions and from the need to give step-by-step approval to work in progress.

Reward creativity

The best encouragement for individuals who want to break the shackles of conformity and explore unblazed trails is the knowledge that others in the company who have followed the same approach have met with approbation and reward. This encouragement can be provided by recognizing creative contributions in the performance appraisal procedure or by making special provision for rewarding creative ideas in the compensation scheme of the company.

The Lincoln Electric Co. identifies the creative contribution of each worker as one of the basic factors which determines the amount of annual incentive bonus he earns. Lincoln evaluates each person's contribution in new ideas, new methods and new thinking. The plan pays off directly to the employee who has ideas that help the company reduce costs, increase output, improve quality, or improve relationships with its customers or the public.

Du Pont rewards creative thinking and new ideas at every opportunity. The company not only gives full recognition in its salary administration and managerial advancement to creative employees, it also gives special rewards to individuals who stick to their guns in spite of opposition and carry their ideas to a successful conclusion.

Provide creativity training

Once the proper climate is established, people can be trained to develop new ideas. This can be done

best in formalized training courses and in idea-stimulating sessions.

General Electric Co. maintains a program to develop creative thinking for men interested in design and engineering. Using original techniques, as well as some of those developed by Alex Osborn, the course has had remarkable success. Graduates have been unusually active in originating patents and most have gone on to management or advanced technical positions.

Crown Zellerbach Corporation has a course in creativity for salesmen that has sparked some new and uninhibited thinking.

As the graduating assignment in the company's course, embryo salesmen are asked to interview five strangers in the street and one successful businessman. This usually turns up some interesting results. One enterprising young man had himself ferried out to Alcatraz, interviewed the warden, and sold him on the merits of CZ papers for prison use.

People can even be trained to think destructively in a creative fashion. The Hotpoint Co., to encourage nonconformity, for example, sets up a group discussion of an accepted product or method. One person is coached to attack the product or method from every possible angle, and to come up with recommendations for improvement. His suggestions are criticized in turn by other members of the group. The final result usually incorporates highly refined creative ideas. Typical of the results is the case of the new conveyor system, which was budgeted to cost \$200,000. As a final check, the system was put before a tear-down group. After they had cut the proposal to pieces and put it together again, they came up with a new plan that was installed and worked successfully—for \$4,000.

Conformity in thinking is the greatest threat to success in the growing company; nothing so quickly dulls the competitive edge and takes the sting out of company marketing and product programs. A carefully developed over-all approach can sharpen the creative urge of every employee and encourage him to contribute independent and original ideas for improvement of the company's business.

—LOUIS A. ALLEN
President, Louis A. Allen Associates

REPRINTS of "Conformity Can Stimulate Ideas" may be obtained for 10 cents a copy or \$6.75 per 100 postpaid, from Nation's Business, 1615 H St. N.W., Washington 6, D. C. Please enclose remittance with order.

IT'S NEW! The Verifax Bantam Copier ...

ONLY \$99⁵⁰!



LIGHT, CAPABLE ... AT LOWEST PRICE OF ALL!

AN UNHEARD OF low price for an office copier! About *half the price* of other "low-cost" copiers! Yet the Bantam gives you all the extras of Verifax copying, does jobs other copiers can't touch!

Makes 5 completely dry copies of any document in 1 minute for 2½¢ each. Makes copies on white bond-type paper, card stock, printed office

forms—front and back, if you wish. Makes translucent "masters" for whiteprint machines—even makes an offset master in 1 minute, using low-cost adapter. What's all-important, too, your Verifax copies are *accurate and complete*. All types of pencil and ink writing—even purplish spirit duplicator copies—are reproduced as readily as typed data. *And Verifax copies will last a lifetime.*

The new Bantam is a snap to operate, as foolproof as an office copier can be. Mail coupon ... or phone Verifax dealer. (Check Yellow Pages under "photocopying" or "duplicating" machines.)

Price quoted subject to change without notice.



Buy 'em by the cartload—put one in every department! Your savings in typing quickly cover Bantam's cost.

Verifax Copying

**DOES MORE ... COSTS LESS ...
MISSES NOTHING**

..... **MAIL COUPON TODAY**

EASTMAN KODAK COMPANY, *Business Photo Methods Division*,
343 State Street, Rochester 4, N.Y.

Please send folder describing new Verifax Bantam Copier
and savings it makes possible. Also names of nearby dealers.

Name _____ Position _____ 56-4

Company _____

Street _____

City _____ State _____



WRITING SKILLS

(continued from page 39)

time, but the structure of the message is the same. The trouble here is that the writer gives his personal attention to a message that does not require personal attention. As a result two opposite faults occur.

Fault: Commonplace writing.

With individual handling, each letter should represent the company at its attentive best. The reverse is true. Office pressures initially encourage imitation of past correspondence. Having to dictate the same kind of letter again and again, the writer quickly freezes both content and language. Hackneyed, unimaginative writing results.

Remedy: Systematize routine correspondence by supplying prefabricated letters, paragraphs, phrases. Well conceived, these can sound more natural than dictated material. They will be more concise, more correct, and more courteous, too. An index facilitates use and saves time. For volume production, investigate automatic typing systems.

Fault: Custom writing.

The custom touch in communication is often taken to be synonymous with thoughtfulness. As a result, information that could go on printed sheets or forms is incorporated in personal letters. Letters that could be mass-produced are individually typed. Messages that could be printed on post cards are laboriously dictated.

Personally tailored communications can be flattering. But they have their disadvantages. They tend to be wordier and harder to read than canned messages; they take longer to prepare; and they cost more. Besides, the very letters and reports that management insists be custom written are often handled at the other end in the most routine fashion by subordinates on whom evidences of personal interest are wasted.

Another factor to consider is that mass business operations are creating public acceptance of impersonal service (as witness the success of supermarkets), and that personal service is often so bad that the customer is willing to accept any kind of service that fills his needs.

The same philosophy can be extended to business communications. Custom writing is becoming an anachronism in an automated world.

Remedy: Regardless of company tradition, discover the most serviceable (not necessarily the most personal) carrier for every type of written message. Plan letters, memos, and report forms which require a minimum of writing. Give proper weight to cost, speed, convenience, and flow of information. Personalization of printed or facsimile material can be achieved simply by attaching a calling card or brief note of transmittal.

"Anybody can write"

Writing is a complex mental and physical activity that has received far less sympathetic attention in business than it deserves. Most executives spend 25 to 50 per cent of their time writing. Many spend nearly all their time at it. How much do they really know about writing? How effectively are they doing the job? How much time would be saved if they could do it better? The management approach to written communication has several deficiencies.

Fault: Unrealistic standards of employment.

With all the writing business people must do, few are ever hired on the basis of writing ability. They are interviewed, tested, and judged for knowledge of subject matter, mechanical skills, and personal qualifications. But, unless a job calls for professional writing, as in advertising and public relations, a writing test is rarely given. As a result, many men and women know their specialties, but cannot write the letters and reports their jobs demand.

Remedy: Ask all prospective employees slated for writing tasks to submit to a test in composition. An

For better communication

There's no virtue in writing a second or third time to get a single answer. Be explicit. Make the reply easy.

Please let us hear from you at once.
Very truly yours,

This closing pulled one reply for every four collection letters sent.

Please let us hear from you at once.
Just fill in the form below and mail in the enclosed envelope. Postage is already paid.

Very truly yours,

☐ Payment enclosed ☐ in full
☐ on account.
☐ Will send check about _____
☐ Can't promise payment.
(State reason below)

This one, with coupon, pulled three replies for every four collection letters.

autobiography to be written in an hour under ordinary office conditions is as good a test as any. It will reveal much not only about the applicant's writing ability, but about his background and attitudes as well. The composition test should be backed up by one of the standard objective English examinations.

Fault: Deficiencies in training.

Many training programs include no instruction in writing. Although instruction cannot make bad writers into good writers, it can help to eliminate the most obvious faults in English and improve style and tone.

Where training programs exist, they often display these weaknesses:

1. They concentrate instruction at the bottom (the repetitive level) and tend to ignore the top (the creative level).
2. They are too short, the demands on the students are too few, and the follow-up is too haphazard to accomplish any lasting results.
3. They do not provide a sufficiently systematic approach to repetitive writing—one that will materially reduce the need for dictation and individual verbal invention.

Remedy: Give training in writing on all levels, on a permanent company-wide basis, and with continuous supervision and ample aids for repetitive writing. A regularly issued training bulletin can help to maintain interest in the program. *Caution:* Every writer, however bad, has his pride. Tact and good will are required in any attempt to improve employees' writing skill.

Fault: Unprofessional approach.

Irrespective of the training program, employees should not be expected to do writing jobs that call for professional ability. Every department has such jobs. These tasks can consume a vast amount of time taken from regular duties, and the results are often less than satisfying.

Remedy: Use professional writers for professional writing jobs. Draft talent in the advertising and public relations department, hire an editor, or establish a communications staff. The professionals will do the work faster and better, and probably cheaper in the long run.

—J. HAROLD JANIS
New York University

REPRINTS of "Writing Skills Cut Management Waste" may be obtained for 15 cents a copy or \$10.15 per 100 postpaid from Nation's Business, 1615 H Street N.W., Washington 6, D.C. Please enclose remittance.



Mail scale accurate? Weigh the evidence!

A silver dollar is the evidence. It weighs 15/16ths of an ounce. It tells the truth—the whole truth—about your scale. Place it on your postage scale. If the scale shows an even ounce or more, you are wasting postage, using 6c on 3c letters in many instances. On only 12 letters a day, this costs you \$100 a year!

If your scale shows markedly *less* than an ounce, you too often *underpay* postage, so that many of your letters arrive "Postage Due," annoying the recipient and causing mail delays.

PB precision scales weigh *accurately*. They tell the exact postage needed for all classes of mail. You don't pay 6c for 3c letters. You don't put 3c on a 6c letter. You save postage and good will!

Six models include a parcel post scale for weights up to 70 lbs. Ask the nearest PB office to show you the "silver dollar test." No obligation, of course. Or send the coupon for free illustrated booklet.



The "103",
an all-purpose model.



FREE: Handy desk or wall chart of Postal Rates, with parcel post map and zone finder.

The Model "4900", for the small office, has convenient postage computer.



PITNEY-BOWES
Mailing Scales

Made by the originator of the postage meter
... offices in 107 cities in U. S. and Canada.

PITNEY-BOWES, INC.
1395 Walnut St.
Stamford, Conn.

Please send free "Silver Dollar Test" booklet to:

Name _____

Address _____

HOW WALL STREET JOURNAL READERS GET AHEAD

By a Subscriber

"One day I picked up The Wall Street Journal in a railroad club car. I expected dull reading. Imagine my surprise when I found some of the brightest, most interesting articles I ever read.

"I sent for a Trial Subscription. For the first time in my life I began to understand why some men get ahead while others stay behind. I learned about the far-reaching changes taking place in America. I found out about new inventions, new industries and new ways of doing business that are helping ambitious men earn money. My Trial Subscription to The Journal cost me \$6. It showed me how to increase my income."

This story is typical. The Journal is a wonderful aid to men making \$7,000 to \$20,000 a year. To assure speedy delivery to you anywhere in the U. S., The Journal is printed daily in five cities—New York, Washington, Chicago, Dallas and San Francisco.

The Wall Street Journal has the largest staff of writers on business and finance. It costs \$20 a year, but in order to acquaint you with The Journal, we make this offer: You can get a Trial Subscription for 3 months for \$6. Just send this ad with check for \$6. Or tell us to bill you. Address: The Wall Street Journal, 44 Broad St., New York 4, N. Y. NB-4



BIGGEST RETURN FROM SMALLEST INVESTMENT for electric typewriters using carbon paper ribbons!

It's in the ribbon! The finest. Old Town's. Millions have already been sold!

Your typists will love the clean-handling advantages of Old Town Carbon Paper Ribbons for electric machines. The tuck-in plastic ribbon leader keeps girls' hands clean, stain-free, during ribbon-changing. And the non-smudge typing due to special carbon coating applied to the thin, super-strong ribbon paper for enduring wear, will make you mighty proud of your letters.

RIBBON ABSOLUTELY FREE. Write for it on your company's letterhead. Please give the name of your dealer.

OLD TOWN CORPORATION

Established 1917

750 Pacific St., Brooklyn 38, N. Y.

Old Town

TAX SQUEEZE *continued from page 36*

I We will get second-rate management if we refuse proper financial incentives

for a man to strive to advance. But to have any real incentive effect, the pay differential must be net, after taxes. Actual spendable money is what counts.

Ideally the after-tax increase between one level and another should be about 25 per cent. But no company can apply such a progression to a 16-step pay scale without arriving at top executive salaries that are in the realm of pure fantasy.

Can't business find new forms of executive compensation which skirt the tax problem?

Many companies are experimenting with stock options, various schemes for deferring part of an executive's pay until he retires and enters a lower tax bracket, liberal expense accounts, and other fringe benefits.

There are several drawbacks to these measures as a solution to the executive incentive problem.

They are cumbersome to administer, hard to apply fairly. They do not lend themselves readily to a clean-cut progression between levels of responsibility.

The stock option plan presumes that an executive will be able to realize capital gains in a rising market—and, as last fall's sharp decline in stock prices reminded many people who had forgotten it, this is an expectation on which no executive can afford to rely for his bread and butter.

Perhaps the greatest flaw is that many of these schemes are simply compensation in disguise and they may later run into adverse tax interpretations. The Internal Revenue Service's announced plan to crack down on business expense accounts is a case in point.

I personally believe that instead of joining in a frantic search for tax-avoidance loopholes, business should take a forthright stand in favor of reducing the statutory rates of tax on upper bracket salaries as soon as tax relief is possible.

How big a reduction in the top personal income tax rate do you consider necessary to restore incentives?

It's hard to say exactly. I would say that a 70 per cent ceiling might work; a 50 per cent ceiling surely would.

Does the basic trouble lie in the principle of progressive income taxation?

No. I see nothing inherently wrong, and much that is inherently right in the principle of laying the heaviest tax burdens on those who are best able to pay. However, this would be done even with a flat tax rate across the board.

My quarrel is with the steep progression in tax rates. When you leave a man only 20 cents or 13 cents or nine cents out of every dollar in salary that he earns, you are in effect prohibiting one exemplification of accomplishment—the one which happens to be primary in business.

Wouldn't it be unpopular, politically, to seek a reduction in upper bracket tax rates?

No doubt it would.

But I think we can demonstrate that these steep rates in the top brackets are hurting, not merely the individuals who are paying them, but the nation itself, and particularly our future economic growth.

Every citizen who wants lower prices, expanded employment and a degree of job security has a stake in the quality of talent we attract into tomorrow's top jobs in management.

Management ineptitude would assess a heavy penalty on America in terms of higher costs, diminished opportunity, and a slowing down of the bold ventures that are necessary to growth. This country is going to wind up sooner or later with second-rate management if it continues to deny bright young men the financial incentive to get to the top in business.

Some economists may challenge your basic premise that high tax rates undercut incentives. Haven't several studies in recent years indicated that, although taxes discourage some executives from seeking promotion, they impel others to work harder, or to postpone retirement, in an effort to accumulate some kind of private fortune in spite of Form 1040?

Well, that simply demonstrates what I said at the start—that today's executives are already on the treadmill, and they find it hard to get off. The question we have to

face is: How much attraction does a treadmill have for a young man starting out in business?

The effect on executive talent will be gradual, and will be noticed only over the long pull.

I don't say that we'll wake up one morning to find ourselves with no young men who want to become managers.

There are, thank the Lord, some men who seem to be immune from this kind of discouragement.

But I think it is obviously to the advantage of each company, and ultimately to the whole economy, that the men advancing into the upper levels of management be selected from as large and as eager a group as possible.

Clearly, the selection of one man from a list of 50 promising candidates offers more prospect of high quality than the selection of one man from a field of 20, or 15, or five. Every time a potential top executive decides that the after-tax rewards of advancement are not worth the blood and tears of getting there, we are poorer.

Do you think some businessmen may be reluctant to speak frankly about the impact of tax rates on executive supply because of a feeling that it is a bit shameful to acknowledge the importance of money as a spur to achievement in management?

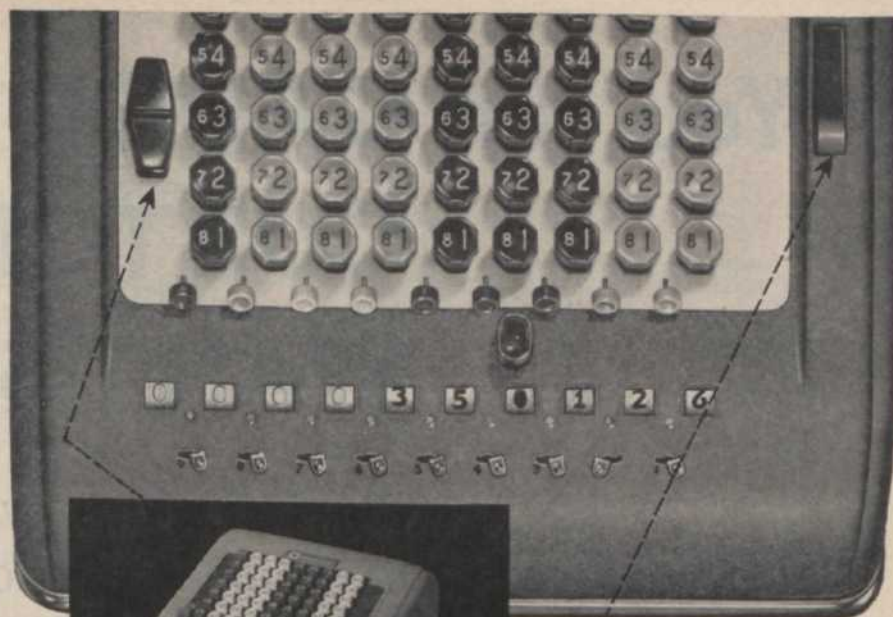
If anyone does have that attitude, it is unjustified.

Of all the carrots that are held before us human donkeys, money is in many ways the cleanest incentive. I'd much rather see a man motivated by a frank desire for a bigger salary, than by a lust for power over other human beings, or a great craving for recognition or applause.

The nice thing about money is that a man can do what he wants to with it.

If he is seriously motivated by a desire to serve humanity, he may use his money, as many wealthy men have done, to establish some institution of lasting public benefit. Mr. Carnegie's fortune founded public libraries, for example; Mr. Sloan and Mr. Kettering chose to allocate substantial funds to cancer research. Other bequests have been used for cultural purposes such as art galleries, museums, parks and gardens, college endowments.

But even if we assume a frivolous or some wholly selfish purpose, the force of incentive is not impaired. The important thing to society is that a man do his best, for great success is never attained by an individual without spreading a measure of that success to many others. **END**



- 1 NEW Instant Electric Clearance
- 2 NEW Customatic Key Control
- 3 NEW Eye-ease Color

NOW...EVEN LOWER-COST FIGURING WITH THE NEW

Comptometer Customatic

WITH NEW SPEED-UP FEATURES

It's the cost per calculation that counts! The Customatic Comptometer's famous features, augmented by new advancements, enable you to get more and better work done, at still less cost.

New Customatic Key Control. Instantly sets to individual touch. Built-in floating action stops finger-fatigue.

New Instant Electric Clearance. Touch the bar—dials are instantaneously cleared.

New Eye-ease colors—and all the other famous Comptometer features: Accuracy Key—insures complete registration; giant-size, easy-to-read numerals; Direct-Action Keys for speedy answers (no intermediate operations); and many others for greatest operating ease, economy and time-saving efficiency.

Let us prove this in your office **FREE**.

Now lease any Comptometer business machine on a nationwide leasing plan through Comptometer offices.

Comptometer Corporation / BETTER PRODUCTS TO BETTER BUSINESS



Comptometer Comptograph "220M"—with new multiplication key—more features than any other 10-key listing machine. Mail coupon.



Comptometer Commander—Insures accuracy in dictation. Lifetime Magnetic belt saves far more than machine costs. Try it today, **FREE**.

COMPTOMETER CORPORATION
1713 N. Paulina St., Chicago 22, Illinois

- ☐ Arrange free office trial for me on:
- ☐ Send me literature on:
 - ☐ Comptometer Customatic
 - ☐ Comptometer Comptograph "220M"
 - ☐ Comptometer Commander

Name _____

Firm _____

Address _____

City _____ Zone _____ State _____

You can GAUGE CUSTOMERS' WANTS

Here's what motivation research does; how it operates, how to put it to work



TODAY THE BUSINESSMAN has new ways of finding out what the customer wants and why he wants it. The information comes from the world's best authority on the subject—the customer himself.

Better means of two-way communication are being established which allows the final fulfillment of the new concept that marketing begins and ends with the consumer.

The new techniques involve the application of the behavioral sciences—psychology, sociology and cultural anthropology. These techniques have been lumped under the term—*motivation research*.

Marketing researchers say they have been applying the behavioral sciences for years. This is essentially true. Motivation research is correctly classed as a tool of marketing research and is most successfully practiced in conjunction with other techniques.

But marketing research until now has been more preoccupied with finding out what has been going on than explaining why people buy in terms of the meaning the product has for them. In many cases, the consumer has been unable or unwilling to give meaningful answers. People do not always know the reasons for their actions or preferences. Even if they know, they rationalize or cover up.

Motivation research concentrates on devices that relate behavior to people's underlying motives, desires and emotions. It takes into account what happens inside the person. Centered around the individual, it interprets product features through his eyes. The researcher then translates the why into a what—what will influence the consumer's behavior in terms of a particular product.

All of this has connotations of Freud and the psychiatrist's couch. The result has been years of controversy. Consumer motivation has been vigorously attacked and vigorously defended—with the more vigorous defenders frequently attacking each other as well as those who questioned their own techniques.

Out of controversy has now come clarification so that it is possible for a businessman interested in the most modern techniques to consider:

- ▶ The techniques of motivation research.
- ▶ The applications of this technique.
- ▶ How a company can put it to work.

Practice of the new approaches that go under the heading of motivation research has spread so rapidly in the past few years that most of the larger advertising agencies now use it in some form, as do corpora-

tions alert to new research techniques. In the advertising field, billings running into hundreds of millions of dollars have been based on its findings.

An indication of its current extent is a directory compiled by the Advertising Research Foundation which lists 82 commercial research practitioners who report that they are active or qualified in the field of motivation research. ARF also lists 157 psychologists, sociologists and cultural anthropologists who list themselves as qualified to conduct or advise on consumer studies.

Motivation research has already been successfully applied in product design and improvement, package design, advertising and promotion, training of sales personnel, creation of new product ideas, personnel studies, public relations, improvement of services and facilities, creation of pricing policies, creation of a marketing program.

The techniques

Among the concepts that motivation research has brought out are two which influence acceptance of any product. These are called "The Self-Image" and the "Product Image."

Much of every individual's behavior results from his image of the kind of a person he would like to be and how he wants others to see him. He may demonstrate through his choices that he is satisfied only with the best, or that he wants to get the most for his money, that he has successfully made his way up the social ladder, or that he is content to be just an ordinary fellow. He may demonstrate his masculinity or lack of it, his youthfulness or maturity, his desire for the old-fashioned or the modern.

At the same time, every product or brand has a personality or image in his eyes that has been built up over the years through advertising and publicity. In the case of branded products, the brand's personality reaches out and attracts people who have similar personalities. Then the person buys the brand that helps him express himself.

To find how a given person views himself and a product, motivation research uses two general methods: qualitative interviewing and projective techniques. Each has several variations.

Qualitative interviewing

The depth interview: Basic to this method is use of free association. In its pure form, this is the technique of the psychoanalyst's couch. Starting with a dream, an event, a memory or whatever may rise to the verbal level, the patient says the next thing that comes to his mind. One word or idea calls up another, which in turn calls up the next and so on, completely at random and with no effort to follow a rational pattern.

The process uncovers motives, attitudes and compulsions which, when brought to the surface, give insight into the patient's personality.

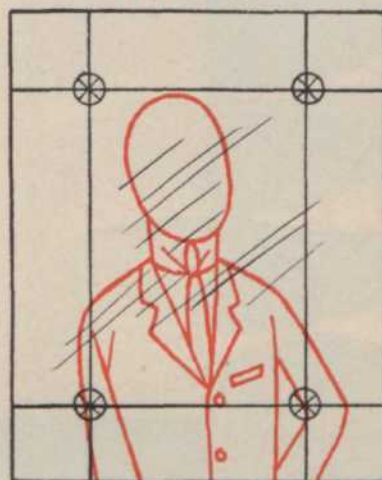
The marketer, however, is not interested in the consumer's whole life story; he is only interested in uncovering the consumer's attitudes, prejudices, resistances, needs and desires with regard to a particular product.

So, for practical purposes, the interviewer confines the interview to the subject at hand. To encourage associations, he probes with questions and reminders—but makes them as nonleading or nondirective as possible. He encourages whatever revelations the respondent wants to make and is careful to phrase his own probes so that he does not play back his own attitudes or preferences. In practice, such interviews often take two or three hours.

The open-end questionnaire: This form of interview consists of a series of open or unrestricted questions. Nondirective follow-ups or probes are then used to bring out full replies.

Such an interview procedure is illustrated by an excerpt from

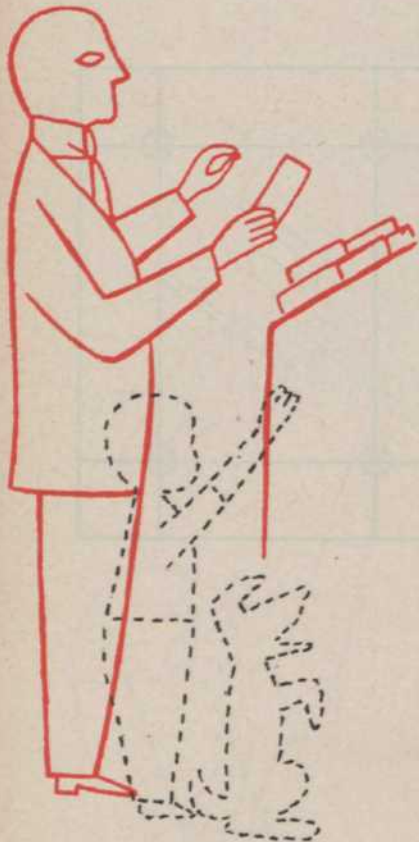
Meeting the self-image



through product personality

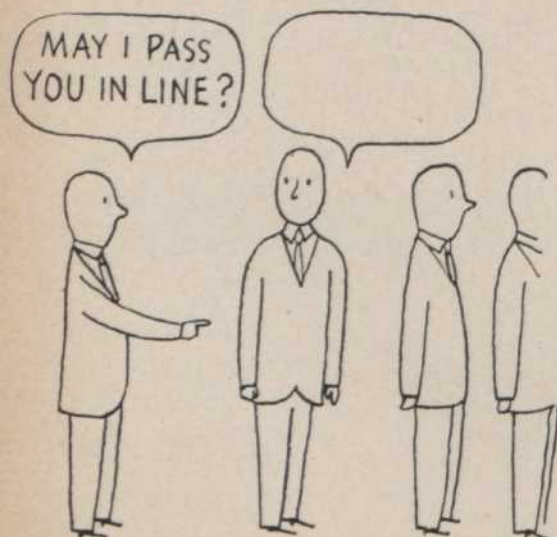
GAUGE CUSTOMERS' WANTS

continued



Candy selling is
tied to reward
memories

Customer projects
self in filling out
speech balloon



interview records cited by Charles F. Cannell and Robert L. Kahn, of the Survey Research Center, University of Michigan:

INTERVIEWER: "How do you feel about sending money and help to other countries?"

RESPONDENT: "Well, I don't know. Sometimes I think we go too far."

INTERVIEWER: "I see. Can you tell me a little more about what you have in mind?"

RESPONDENT: "Well, maybe we ought to give some help but, my gosh, when I see our tax money going to help some of those countries that aren't doing much for themselves, I think sometimes we'd better lay off."

INTERVIEWER: "Sometimes you feel we ought not to help them?"

RESPONDENT: "That's right! I think we'd better let them go their own way and to hell with them."

Behavior sampling: A more specific technique to get at the "why" variables in our behavior is known as "behavior sampling." Through a series of expertly directed questions, the interviewer gets as close as possible to the respondent's actual experiences by asking him to re-live the situation in which he buys and uses the product.

In one study, for M. and M. candy, it was found that candy-eating tended to be associated from childhood with the accomplishment of a job considered disagreeable. The candy was a reward for doing the job.

M. and M. switched its advertising theme in two test markets from "smooth, rich, creamy coated chocolates—everybody likes 'em," to "Make that tough job easier—you deserve M. and M. candy."

The focused interview: Another form of interviewing applying the open-end questionnaire has been extensively applied by the Bureau of Applied Social Research at Columbia University. According to its authors, Robert K. Merton, Marjorie Fiske and Patricia Kendall, "in the focused interview the interviewees have been exposed to concrete situations. They have seen a film, heard a radio program, read a pamphlet, magazine or advertisement or participated in a psychological experiment. In other words, the interview focuses on one experience of the respondent."

The projective techniques

Here the respondent projects to another person or object his own feelings. He is asked to respond to one thing while being tested for another. Several examples follow.

The thematic apperception test: Commonly known as TAT, this is a projective device widely used in clinical tests. Adaptations have been widely used in commercial research. These consist of a series of pictures—magazine illustrations, paintings or drawings usually somewhat vague in outline.

The consumer is asked to describe the situation and what led up to the pictured situation, then give his idea of the outcome. Adaptations of that TAT tests are mainly used to study the reactions to a particular product, program or situation.

Cartoon tests: The use of cartoons is the most widely applied of all the projective techniques. The cartoons commonly have two figures, with a minimum of facial expression so that they will be completely neutral. One of the figures speaks, saying something that calls

for a significant response from the other. The respondent is asked to fill in the blank speech balloon of the other person using the first words that come to mind. He will usually project his own attitudes or feeling into the situation.

Sentence completion tests: Much like the cartoon tests is the sentence completion test. Social Research, Inc., recently used the following sentences in a study for *Better Homes and Gardens*:

Sentence	Sample responses
"To own your own home_____"	"You have to have money." "Is my dream." "Is nice if you have children."
"Most fiction magazines_____"	"Are small." "Are a waste of time." "Are enjoyable." "Have silly stories which have no bearing on life's problems."

Verbal Projective

The verbal projective is much like the cartoon or sentence completion technique; you ask the respondent to explain what other people think or do. In this way, he reveals much of his own motivation. For example, you might ask:

"Why do you think people use filter cigarettes?"

"What kind of a woman do you think would use paper cups?"

The Rorschach test: In clinical psychology, one of the most widely used tests of personality is the Rorschach, devised by the Swiss psychiatrist Hermann Rorschach, who found that bisymmetrical ink blots are effective in bringing out the ways in which different people perceive.

The Rorschach must be given and interpreted by experts and it is only used on special occasions in commercial motivation research, for example, in assessing personality traits. It can be extremely valuable for such things as showing the personality differences between thin and obese women or between users and nonusers of a laxative—information that could be extremely valuable in working out advertising appeals.

Word association: This is one of the commonest devices for getting through people's defenses. The respondent may be asked to give quickly the first word that comes to mind when he hears a stimulus word. He may be asked to give the first words that occur to him or he may be encouraged to say whatever he likes at any length. Interpreted by an expert, the word associations can be effectively applied in marketing surveys to study reactions to brand names; the name of a product or industry; words, themes or slogans being used for advertising.

Applications of motivation research

These techniques have been put to work in varied ways.

Product design: Impetus for the design of the Westinghouse Streamliner Air Conditioner came from a motivation study by McCann-Erickson, Inc. Of tremendous importance to consumers, the study revealed, is any feature which makes air conditioners less conspicuous, by which people said they meant flush mounting, opportunity to match decor and less bulk. Also conforming to the consumers' expressed desires, advertising was laid out around the theme, "Fashion Thin to Blend In," with other copy developed around points the survey showed to be important to the consumers. But motivation research has broader and much more im-



The best-typed letters you ever signed!

...because Olympia's the world's finest typewriter to do business with. Equipped with every worthwhile feature for easier, faster, finer typing. Put one to the test, call your nearest Olympia dealer for a trial demonstration.

Nationwide sales and service — through authorized dealers.

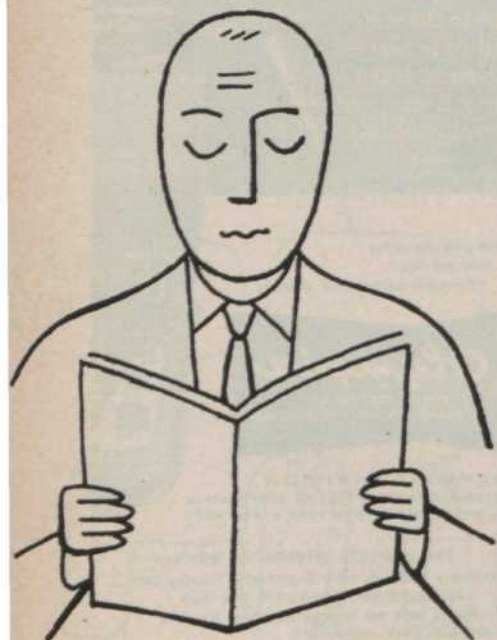
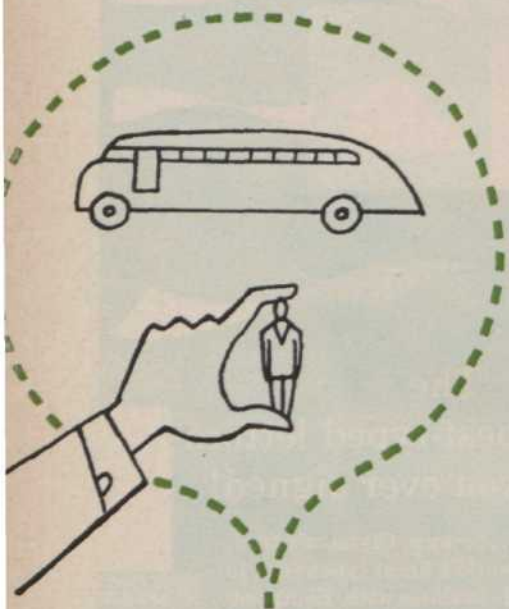
Olympia
WRITES BEST OF ALL...
BECAUSE IT'S BUILT BEST OF ALL

OLYMPIA DIVISION
INTER-CONTINENTAL TRADING CORPORATION
90 WEST STREET • NEW YORK 6, NEW YORK

FOR COMPLETE INFORMATION WRITE:
Olympia Division, Inter-Continental Trading Corp.
90 West Street, New York 6, New York
Please send me information about Olympia precision-built typewriters.

Name _____
Company _____
Street _____
City _____ State _____

Association images can be rebuilt



portant applications in this regard than the above example would indicate. It is already being used on a broad scale for finding out what the consumer wants so that products can be designed to his needs. But the possibilities have only begun to be tapped.

Package design: An amusing example of how package alone can influence a consumer's judgment of quality is reported by Dr. George Horsley Smith, author of "Motivation Research in Advertising and Marketing," a standard reference book sponsored by the Advertising Research Foundation. Working with Norman Heller at Dancer-Fitzgerald and Sample, Inc., Dr. Smith consumer-tested a new package for a well known cleansing powder by presenting it to housewives along with the old package. The old container featured a heavy black band with the trade name in bold letters; the new package was bright-colored, simple and dynamic in design. Housewives were asked to compare a new product with the old one—though both packages contained the same compound.

However, after trying both for a week, every woman swore the contents of the new package were superior. Credit obviously goes to the new package which, according to the researchers, symbolizes cleanliness, freshness and modernity as compared with the old container, featuring the funereal black band which appeared to symbolize dirt.

Advertising: Elmo Roper and Associates, using projective techniques in a nationwide cross-section sample, found that people had a mental image of bus transportation as being suitable for a lower class of people than those who actually ride the buses. Advertising people for Greyhound Bus Company geared their new program to modify the images in people's minds.

In another example profiles of three different types of whisky drinkers were drawn up through an exploratory motivation study conducted by Schenley Distillers in the Southwest to establish advertising policies for bonded, straight and blended bourbons.

Symbolically, the bottled-in-bond process and the government seal have come to mean something of particularly high quality, with the quality guaranteed by the government itself.

As a result of its symbolic image, bonded bourbon appeals most strongly to a type of person who values prestige highly and sees himself as a connoisseur. He rejects straight bourbon because it lacks distinction and blends are out of the question because of their lower class connotations.

The typical drinker of straight bourbon, unlike the bonded bourbon drinker, does not care especially to outdo or impress others, to be at the top of the heap. He wants to be like other people, to be friendly and regular. He is not impressed by status symbols so the symbolic prestige of the bottled-in-bond does not appeal to him.

Training of sales personnel: An intensive motivation study for a pharmaceutical company revealed a great many interesting facts about the way doctors regard themselves. Robert T. Love, Director of Consumer Marketing Research for the Arthur D. Little Company of Boston, found that the doctor has an image of himself as a professional man who has won respect and prestige in his field and achieved a degree of medical knowledge that allows him to make up his own mind. He resents being treated as a competitive businessman or a medical purchasing agent, susceptible to the ordinary commercial hard-sell. Much of the pharmaceutical advertising and selling runs contrary to this self-image.

Mr. Love developed his hypotheses with about 200 interviews. He took the results of his survey to a conference of 15 of the company's top salesmen, all of whom had 15 to 20 years' experience.

"It's interesting to see why some of the things we've tried have worked

or haven't worked," said one of the senior men. "I don't believe you've told us a great deal that we didn't know, but this pulls the picture together and gives us a new perspective."

The combined findings of researchers and salesmen were used to make changes in advertising, promotion and sales training programs.

Creation of new product ideas: A nationwide study with a sample of 1,250 women was conducted by Young & Rubicam, Inc. to learn more about the dieting habits of women in various social classes, educational and age levels and geographical areas. They wanted to know what women were overweight and why; which women would diet and why; how dieting would affect the use of selected foods. Questionnaires consisted of questions which could be answered quickly and could be administered by field interviewers with limited training.

Forty-eight per cent of the women said they were likely to nibble or eat more when they felt lonesome or had nothing to do, which supported clinical evidence that overeating is associated with feelings of despondency and depression. The survey also confirmed the hypotheses that the desire to be attractive and the fear of ill health were responsible for the interest in weight control. Standards of attractiveness and weight control vary by social status, the survey showed. The concept that a person's behavior is a function of his self-image was demonstrated by the fact that it was not actual weight that led a woman to diet but whether she thought she was overweight. A food's vulnerability to dieting appeared to depend on how it was regarded on three counts: how fattening it was, how healthful and nourishing and how important it was in terms of enjoyment.

Findings were used to create new product ideas in various food lines, to assess the need for new dietary foods and to develop sales strategy.

Personnel study: Under the direction of George Horsley Smith, the advertising firm of Dancer-Fitzgerald Sample, Inc., did a study of army personnel who had just re-enlisted, as contrasted with another group who had almost finished their first hitch and were about to get out. Information gathered by intensive two-hour depth interviews, coupled with projective questions, cartoons and sentence completion tests showed sharp differences between the groups.

The men who were getting out were more venturesome and self-assured when faced with making a living in civilian life. So confident were they of success that they regarded failure in civilian pursuits as purely accidental. Military retirement benefits did not attract them because continued competition had more appeal than the ease of retirement at an early age.

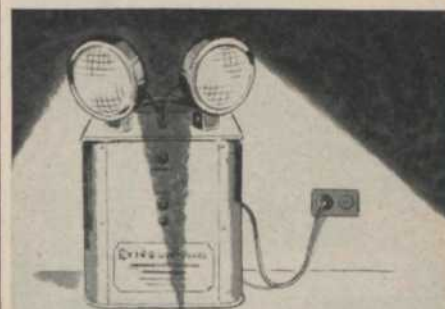
The men who were staying in, on the other hand, found military authority more agreeable to them, set greater value on guaranteed security and were less venturesome in the face of risks inherent in outside careers.

"These studies have proven valuable to the Army," says Dr. Smith, "in guiding the development of communication devices—pamphlets, booklets and films—designed to present the Army's basic benefits in a more favorable light to a greater number of service men."

Public relations: The Japanese textile industry employed Ruder & Finn Associates, of New York, to conduct a motivation study and learn more accurately the actual views of the American public. A preliminary survey by Dr. Melvin Weiner, determined that there were prejudices against Japanese goods not only because of the war and because of race feelings, but because Americans regarded Japanese goods to be of low quality.

Corrective action recommended as a result of the study included:
1. Guarantee the quality of the product and obtain some well-known

Prevent Sudden Darkness



Exide Lightguard® can save you \$1000's

When power fails and regular lights go out, Exide Lightguard goes on... instantly and automatically. Protects you against heavy losses. Eliminates risk of panic, injury, damage, theft. Install Exide Lightguard units. There's a dealer near you. For free bulletin, send coupon.

Exide INDUSTRIAL DIVISION
The Electric Storage Battery Company, Phila. 2, Pa.

Send me your bulletin on Exide Lightguard emergency lighting units.

Name

Company

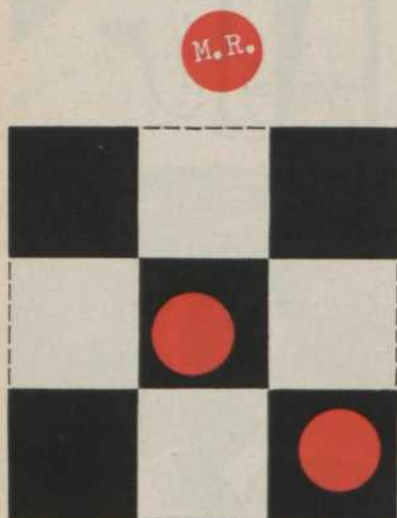
Street

City Zone State

68

GAUGE CUSTOMERS' WANTS

continued



Motivation research
loses a great deal of
its value if it is used
in isolation

label of approval such as the Good Housekeeping seal; 2. Sell the textiles through reputable stores; 3. Market them in association with goods which already have a high reputation, such as Japanese silks or cameras; 4. Publicize high quality and style.

Improvement of services and facilities: The Canadian National Railways found that American tourists had a one-sided image of the country. Most of them had a mental picture of Canada as a land of beautiful scenery but primitive and undeveloped. It was, they said, a place to go for the simple outdoor life. Missing from the image were the conventional sports and social life.

People were staying away because of a "lack of interesting things to do and see," especially at night, because of poor roads and unfavorable travel conditions.

The survey also showed an unfavorable image of train travel—fast and easy but rigid and scheduled.

The railroad is now telling travelers about Canada's real scenic and recreational assets and tourist travel is rising. To change the image of train travel, it is making plans to improve existing services, add new ones and to stress the modern up-to-date equipment.

Creation of pricing policies: Motivation research has shown that reactions to price are psychological and may differ from product to product. A price cut may serve as a purchase incentive or it may arouse suspicion.

One lipstick manufacturer went in for price-cutting and promotional sales. Here is a typical remark about the brand:

"It cheapens a product to have it on sale all the time. People think of it as a cheap lipstick. I don't want them to see it in my purse. I want to use a lipstick that will really do something for me. How I look is too important to me."

Similarly, some women are afraid that a shampoo which is too cheap may contain harsh and harmful ingredients. A number of women avoid a particular brand of home permanent because the low price makes them worry about the quality.

Motivation researchers conclude that it is not safe to generalize about price appeals from product to product without finding out how the customers feel about it in each specific instance.

Establishing a marketing program: Lysol has undergone a complete change of costume this year as a result of marketing surveys. A graceful hourglass-shaped container has replaced the cylinder long used. The product also has been modified and the advertising approach and marketing program revised. The changes were the result of motivation research.

The research uncovered some interesting facts about the personalities of the users themselves.

Some compulsive housewives find their usefulness in hard work and wage a constant battle against an environment perceived as hostile and dangerous.

The disinfectant is a potent weapon with which to attack not only dirt but bacteria and the psychological menace of not being appreciated. Such women like a disinfectant whose pungent, antiseptic odor makes it smell "thorough."

Another type of woman is more casual, does not need to punish herself with hard work. Less fearful of her environment, she has no unconscious impulse to control or attack it. This type of woman wants a disinfectant that is milder, more gentle and feminine and not associated with germs.

As a result of the findings, the company changed both its product and its advertising to increase Lysol's appeal to the latter type of woman.

Putting motivation research to work

In its earlier controversies, motivation research became tagged with unfavorable connotations because it was first publicized by a few self-confident and highly vocal individuals who leaned heavily on the depth interview and claimed sensational results. Today, established researchers, who stand for a broader approach, are quietly carrying on an educational campaign to offset some of the earlier harm done to what they consider a valuable technique.

"The 'psychoanalytical interview' type of motivation research has two chief flaws: It is too narrow and too expensive," says Archibald M. Crossley, president of Crossley, S-D Surveys, one of the pioneers in the marketing research field. "It is expensive because trained psychologists conduct the interviews.

"Structured interviews, conducted by topnotch marketing research interviewers, if they are properly trained, instructed and directed by psychologists and marketing specialists, can accomplish the same thing as the trained psychologists.

"This not only reduces the cost but allows a more representative sample and better validation."

The same thinking is expressed by Dr. Robert J. Williams, director of motivation research for Alfred Politz Research, Inc.:

"This depth or 'free-wheeling' interview type of research not only risks interviewer bias but requires expert interviewer judgment, and there just aren't that many experts around. We have an interviewing staff of 1,800 and we couldn't fill it with such experts if we used all the social scientists in the country."

The alternative to the free-wheeling interview is to have the interviewer's behavior controlled by something other than the respondent's behavior—something like a series of questions. At both Crossley and Politz, social scientists in the home office—psychologists, sociologists and anthropologists—work with sampling experts in setting up surveys in advance for the field interviewers to conduct.

When returns come in, these and other trained specialists analyze and report the results. Similar methods are followed in other established marketing research firms.

A common method is to use the depth or semistructured interview to search for ideas on which to base broader studies.

"If you use a small sample in qualitative research to explore for hypotheses, then it's rich and productive," says Dr. Herbert Wiebe, partner in Elmo Roper and Associates.

"This will provide a firm platform on which to build a broader sampling study," Dr. Wiebe says.

But again, this procedure may be reversed.

"In the broad sense, motivation research loses a great deal of its value if it is used in isolation, without the other members of the research team," says Dr. Virginia Miles, director of motivation research for Market Planning Corporation, an affiliate of McCann-Erickson. "If circumstances allow, market research is a good step before motivation research is done. The market research indicates what crucial subgroups are in the population that motivation will want to concentrate on—according to age, income, heavy or light users of the product and what not.

"Motivation research can then concentrate on seeking the central tendency in each group, sharpening the picture by contrasting groups—in order to find appeals and strategy that can be used in mass media.

"I work on the principal that motivation research should be done along with marketing research and that the two should be interpreted and put together by an experienced marketing man," says Dr. Edward Plaut, president of Lehn & Fink Products Corp. "Marketing research will

Why men choose this appliance



Onan Emergency Electric Plant

It's men who buy insurance. An emergency electric plant is another form of insurance . . . protecting the home and family against disaster. Power interruptions can make homes unlivable . . . without heat, water, lights, or communications. Pipes can freeze, food can spoil . . . fires become a greater hazard.

Onan Emergency Plants eliminate these dangers . . . provide all the "highline" power you need as long as you need it. Start and stop automatically.

MODELS from 500 to 75,000 watts A.C. Size for average home costs about the same as a food freezer.

Folder describes many models for homes, farms, businesses. Write.

D. W. ONAN & SONS INC.

3352A University Avenue S. E., Minneapolis 14, Minnesota



IDEAS

For Building Business with:

- BINDERS
- FOLDERS
- PRESENTATIONS

JUST PUBLISHED — 116 page catalog for every business need . . . **YOURS FREE**

Write Today

ELBE ELBE FILE & BINDER CO., INC.
FALL RIVER MASSACHUSETTS

ONE OF AMERICA'S LARGEST MANUFACTURERS OF BOOKBINDING PRODUCTS

DEPT. NB-2

WILL YOU SMOKE MY NEW KIND OF PIPE 30 Days at My Risk?

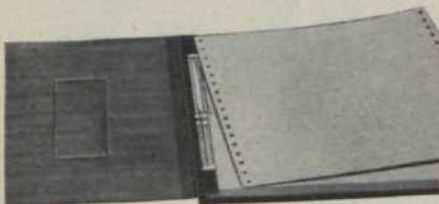
New principle that contradicts every idea you've ever had about pipe smoking. I guarantee it to smoke cool and mild hour after hour, day after day, without rest, without bite, bitterness or lodge. Prove it to yourself. Smoke a new CAREY PIPE without a cent of risk on your part. Send name now for free facts. No obligation. Write: E. A. CAREY, 1920 Sunnyside Ave., Dept. 9-D, Chicago 40, Illinois



If You Use Modern Business Machines—

Many office machines use marginal pre-punched forms. And the records you make with this modern efficiency system are valuable. How do you file them?

The best way is to bind them in Acco Pin Prong Binders equipped with special narrow prongs to accommodate the small holes in the record sheets. Your records



will then be safely bound for temporary or permanent filing—always in order, always neat, always available.

Acco Pin Prong "9000" line of Binders come in many sizes and are available in your choice of genuine pressboard (5 colors) or heavy binder board covered with canvas or black pebble grain cloth. Your stationer will supply you. Ask him.

ACCO PRODUCTS

A Division of NATSER Corporation
OGDENSBURG, NEW YORK

In Canada: Acco Canadian Co., Ltd., Toronto

FINEST TOWELS for less than \$2.00 per employee per year!



A New Jersey corporation with 500 employees using Mosinee white Turn-Towels found that the cost of towel service in 1956 was \$1.94 per employee.

Cost of previous service with other towels was \$2.52 per employee per year.

BAY WEST PAPER CO.

1102 W. Mason St., Green Bay, Wis.
A subsidiary of Mosinee Paper Mills Co.

BAY WEST PAPER CO.

1102 West Mason St., Green Bay, Wis.

Please send me the free Turn-Towl Kit with complete information on Turn-Towl Service.

Name

Firm

Address

City..... Zone..... State.....

GAUGE CUSTOMERS' WANTS *continued*

sometimes help you break your public down into the groups which are necessary for effective interpretation."

Summing it all up, the experts agree that there is no one right method to cover every eventuality. Motivation research includes a wide range of techniques at a wide range of prices. Various combinations will produce results if handled by a qualified expert.

For those who feel that they may have a use for motivation research the following rules may be helpful:

1. You don't have to be a psychologist to buy motivation research. You don't install a complicated electrical system in your home; you hire an expert to do so. Buy motivation research the same way:

- (a) Get bids from several contractors.
- (b) Check the bidders' credentials.
- (c) Look into their references, too. Talk with other people they've worked for and size up the quality of their work.

2. Think out your problems so you know exactly what you want done.

3. Talk over the job thoroughly in advance. Then make sure the promised results sound credible. Don't believe implausible or extravagant claims. Use your own good business judgment as to what can be accomplished.

4. When the job is laid out, don't be alarmed if it's something you can't do yourself. However, it's wise to look into the subject enough so you can make good decisions. There are now good books on the market that explain the subject simply.

5. Don't allow yourself to be baffled by fancy terminology. Make the psychologists drop the clinical vocabulary and put it in layman's language.

6. Don't be stopped by rumors that motivation research is too expensive. Sometimes it is less expensive than regular marketing research because the sampling is less extensive. Depth interviews are more expensive than ordinary marketing research interviews but there are usually fewer of them. It depends entirely on the job you want done. Make the contractor break it down so you can see what you're paying for and can judge whether it's all relevant to the problem you have defined.

7. Generally speaking, leave the technicalities to the researcher. But it's well to observe three rules:

(a) Consider the sample of persons on which the study is to be based. Demand that the sample be large enough and broad enough to enable the researcher to make meaningful statements about important subgroups within the population being studied.

(b) Don't go overboard for depth. Some other simpler technique may accomplish the same purpose.

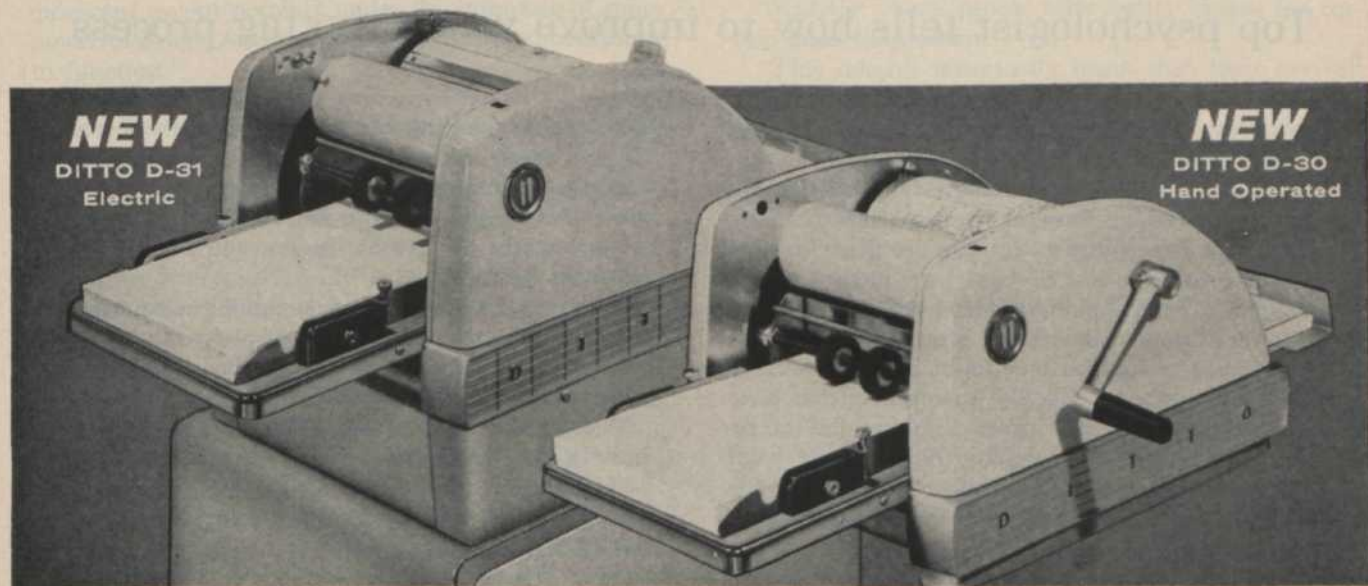
(c) Beware of the single reason why. There are many reasons why people buy a certain product. If you can find another significant one, well and good. But treat it as such.

Before you start looking, make sure what you're looking for is something you can do something about.—PHILIP GUSTAFSON

REPRINTS of "You Can Gauge Customers' Wants" may be obtained for 22 cents each or \$14.85 per 100 postpaid from Nation's Business, 1615 H St. N.W., Washington 6, D. C. Please enclose remittance.

3 NEW DITTO® DUPLICATORS

MAKE QUICKEST, SHARPEST, LOWEST-COST COPIES
of anything you write, type, draw or trace on a DITTO Master
...3" x 5" to 9" x 14" ...1 to 5 colors at once



From speed and precision to economy and widest usefulness, these masterful new duplicators anticipate every business need. Any operator turns out 120 bright copies a minute, up to 300 copies per master, and on short runs the master may be filed and re-used until entire dye deposit is exhausted. (1) "Magic" Copy Control meters the correct fluid flow for all-over brightness of any size copy ...Fingertip adjustment registers master-to-copy instantly

...Copies are delivered face-up, flat and dry. (1) If block-outs are used they attach instantly to the slotted drum. Stainless steel parts resist wear and corrosion. (1) Fluid level indicator, and copy counter, keep constant automatic check on operation...and the handsome gray and green finish is pleasant to see and work with!

Use the coupon, get samples of work, see a demonstration in your office on your own work.



low-priced—hand operated **DITTO D-20**

...and here, reversing the price trend, is the new precision-built DITTO D-20. Priced so low that now every office can have one, can fully enjoy the administrative advantages of fine DITTO duplication. Makes up to 300 bright copies of anything you write, draw, type or trace on a DITTO Master.....on card or paper stock 3" x 5" to 9" x 14"....in 1 to 5 colors at once...at 120 copies a minute...up to 300 copies per master. "Magic" Copy Control meters correct fluid flow for all-over brightness of any size copy...wear and corrosion-resistant stainless steel parts...quiet, balanced operation. Use coupon for work samples, see demonstration in your office.



Your Single Source of Everything in Duplication

DITTO, Inc., 6884 McCormick Rd., Chicago 45, Ill.

Ditto of Canada, Ltd., Toronto, Ontario

Ditto (Britain) Ltd., 126/128 New King's Rd., Fulham, London, S.W. 6, England

Please send me samples duplicated on the new DITTO ☐ D-30 ☐ D-31 ☐ D-20

☐ Arrange demonstration of the machine I've checked above

Name, Title _____

Firm _____

Address _____

City _____ Zone _____ State/Prov. _____

HELP YOUR BRAIN WORK FOR YOU

Top psychologist tells how to improve your thinking process

PRODUCTIVE THINKING IS an executive's hardest and most important job.

Recent psychological research has yielded new insights into the mysterious processes of the mind by which this job is performed. You can use these insights to get more mileage out of your own mental equipment—and to make more efficient use of the total brainpower of your management group.

These findings cast serious doubt on the effectiveness of some of the intellectual gymnastics that have been popularized by the group thinking fad of recent years. On the other hand, they provide solid scientific support for the old-fashioned idea that the best way to solve some problems is to forget about them for a while.

To get an up-to-date report on what science has learned about the thinking process, NATION'S BUSINESS consulted one of the country's leading psychologists, Dr. Joseph M. Bobbitt. Dr. Bobbitt is assistant director of the National Institute of Mental Health, a government-sponsored research agency that is part of the National Institutes of Health at Bethesda, Md.

In addition to the studies which it conducts on its own, and those which it supports through grants, the National Institute of Mental Health serves as a clearinghouse for information on psychological and psychiatric research throughout the world. Dr. Bobbitt drew on this total fund of scientific knowledge in formulating his suggestions to businessmen.

Perhaps the most useful concept to emerge from recent research, Dr. Bobbitt says, is that "the human brain acts very much like an electronic digital computer in solving problems.

"The brain is a much better instrument than any computer ever built," he adds, "and it can do things that no computer can do. But the more we learn about the processes of human thought, the more we realize that they are strikingly analogous to the steps which a computer goes through in solving a problem. This has practical implications for executives."

For example, successful functioning of a brain or a computer begins with an input phase in which facts relevant to the problem are fed into the instrument.

"You can readily see that a computer would give the wrong answer if the operator was careless during the input phase—if he left out some vital data, or put in some figures that were inaccurate. The same thing is true of your brain. That's why it's so important to take pains during the input phase to check the validity of your facts, and to label your unverifiable assumptions for what they are."

An indispensable part of the input phase, Dr. Bob-

bitt says, is spelling out the problem to be solved. "If you don't ask a computer a clear question, you won't get a usable answer. In terms of the human brain, this means that you must define your problem as specifically as possible before you begin hunting solutions for it."

Once you have stocked a computer with data and posed the question you want it to answer, you simply push a button and stand back. Can you really do the same sort of thing with the human brain?

"You certainly can," says Dr. Bobbitt. "Quite frequently it is the best way to solve a difficult problem.

"During the input phase, you are thinking consciously about the problem. You are systematically gathering facts, appraising them, seeking correlations between them, trying to use them as logical stepping stones to a solution. But if the problem is truly complicated, this process of conscious thought often leads you to what looks like a dead end. You get tired and confused, your mind seems to be utterly bogged down in a morass of facts and theories.

"At this point, the best thing you can do is to put the whole problem out of your conscious mind. Just forget about it for a while and think about something else. Handle some of your routine work, dictate some letters, play a round of golf, go to the movies, get a good night's sleep. It doesn't matter much what you do, so long as you quit cudgeling your brain to come up with a solution to that particular problem."



Better than computer

Many business executives have learned from experience the efficacy of "sleeping over" a problem. But they are often reluctant to shelve the process of conscious thought for any period longer than a few hours, for fear that they are wasting time.

Not so, says Dr. Bobbitt. "Remember that you are not abandoning the problem. You are simply committing it to the nonconscious part of your mind. You are letting the computer work.

"Experiments have demonstrated that the cerebral cortex—the thinking part of the brain—is never really quiescent except possibly under the influence of some powerful drugs. Awake or asleep, your mind continues to function."

Dr. Bobbitt says there are several distinct advantages to letting the so-called subconscious mind wrestle with a problem, even for a period of several days.

"By giving up the conscious search for a solution, you greatly increase the chances that a really new, creative idea will break through.

"Almost everyone is familiar with Freud's discovery that our moral inhibitions tend to censor the thoughts that we allow to enter our conscious mind. But did you know that this censorship operates far beyond the moral realm? Each of us has certain thought patterns, imposed by his personal history and by our whole culture, regarding what is right, possible, efficient, appropriate. In other words, we have a built-in tendency to think in a rut, to test an idea against a certain frame of reference and reject it quickly if it doesn't fit.

"This habit of mind is useful and even necessary in dealing with routine problems. You can't solve every question that comes up by challenging all of your basic assumptions. There isn't time for that.

"But when you are looking for creative ideas—for fresh, imaginative, new solutions—you have to break out of this rut. And one of the most effective ways of doing so is to remove the problem from the conscious mind and thereby throw the censor off guard."

Another advantage of this technique, according to Dr. Bobbitt, is that "you are more likely to use all you know in arriving at a solution."

He explains that the brain of any man who has reached an executive post is stocked with a vast amount of knowledge that is the fruit of formal education, experience, the solutions to past problems, the correlations which the mind has established between certain facts in periods of "idle thinking."

When you temporarily abandon conscious groping for answers, your mind continues to search this stockpile in the same way that an electronic computer scans its memory drums. It often comes up with facts that are extremely relevant to your problem, but which you would never have thought of consciously because they do not, on the surface, appear relevant.

That's why everyone has had the experience of a bright idea popping into the conscious mind while shaving, taking a shower, or in the middle of the night.

Dr. Bobbitt warns, however, against assuming that every idea that arrives in this casual fashion is a bona-fide stroke of genius.

"A lot of ideas that seem brilliant when they occur to you turn out to be full of flaws when you examine them closely.

"Your conscious mind has to go back to work then,

testing and evaluating the solution. Is there a hole in this plan? Can you build a bridge of hard logic between the problem and this apparent solution?" What happens if the so-called subconscious fails to come up with a solution in a reasonable time?

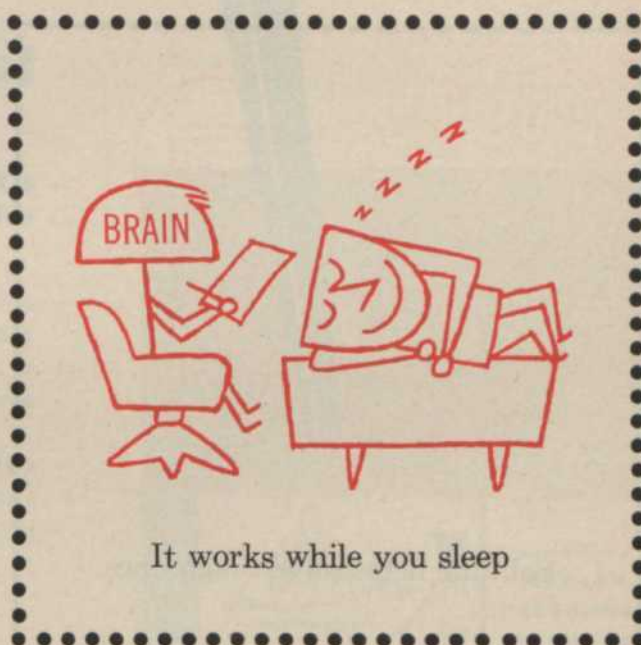
"You take the problem out of the computer and re-examine it. Maybe you have defined the problem wrong. Maybe you need more data. Maybe you need a different computer."

Does that mean another man should tackle the problem?

"Exactly. Some people have better brains for certain tasks than others.

"This doesn't necessarily mean that their over-all intelligence is greater; it may even be less. But their patterns of thought, their inhibitions, the specific content of their memory drums may be better suited for the solving of this problem."

What about throwing the problem to a group. Does



It works while you sleep

group thinking produce more creative ideas than individual brooding?

"An awful lot of nonsense is being peddled on this subject these days. Let's try to separate the wheat from the chaff.

"There is sound experimental evidence for the belief that a phenomenon called social facilitation sometimes takes place when several people work together on the same task.

"Mutual stimulation, the competitive spirit, the interplay of ideas and personalities, tends to produce a more intense effort than any single member of the group might put forth if he was alone.

"But group thinking has limitations. It works well on problems that have essentially simple solutions, and in situations where several answers are possible and you don't necessarily have to have the best one, so long as you find a good one.

"The profound solution to a complex problem is more likely to come from one guy staring at the wall than from any group-think session."

Prof. Donald W. Taylor of Yale University's De-

partment of Industrial Administration found in repeated tests, performed for the Office of Naval Research, that the flow of ideas from group sessions, even under optimum conditions, was markedly inferior in quantity and quality to the production of ideas by an equal number of people of comparable intelligence working separately.

Dr. Bobbitt says there are two drawbacks in the technique of group-thinking. One is the notion that you should aim for quantity—see how many different solutions you can think up within a given time. The other is the insistence that you must suspend evaluation during the period you are thinking up ideas.

"The former is more likely to lead to superficial variability—to the mere proliferation of alleged ideas for the sake of making a long list—than to the one really good idea that you are seeking," he says.

"As for the latter, I do not believe it is feasible to suspend critical judgment at any phase of the think-

private thinking to produce creative solutions, and group thinking to evaluate them."

Does psychological science have any valid methods to stimulate executive thinking to suggest?

"Yes, there are several things you can do," says Dr. Bobbitt. "The most important is something that has been stressed by two or three articles I've read in your magazine—creating the right kind of climate in the organization. Top management has to demonstrate its receptivity to radical solutions. It has to make clear that there are no sacrosanct ways of doing things.

"Another very important thing is to pick the right man to wrestle with a problem. Motivation is critical to the creative process. If a man is not excited about a problem, if he is not convinced that it must be solved in a new and imaginative way, he is going to be full of defensive devices. He will be unconsciously motivated to prove that it's impossible, rather than to find a creative solution.

"I don't mean that you should pull a man off a job unless he reacts with spontaneous interest the first time you mention it. But unless he builds up some enthusiasm for it after he's had a chance to think it over, you'd do well to look elsewhere.

"Whenever it is possible, let a top-flight man choose for himself the problem he's going to tackle. The self-starter has the finest kind of motivation, and is more likely than anyone else to find a creative solution."

What else affects an individual's creativity?

"All sorts of things. There are good brains and bad brains, just as there are big computers and little computers. The ultimate brilliance of an idea depends on the brain of the individual in which it is produced.

"Background is important. The child whose natural curiosity is continually rebuffed by lazy parents or overworked teachers is not likely to grow up to be a creative adult.

"Emotional health is basic. Family problems, feelings of inadequacy, neuroses of various kinds all can serve to short-circuit the computer.

"Excessive fatigue, prolonged stress, physical illness also are serious handicaps. They feed a lot of somatic input into the system. The brain keeps getting extraneous messages from a tired back or an aching head, and they distract its ability to organize and correlate the abstract thoughts connected with the problem."

What effect does alcohol have on creative thinking?

"It suppresses some inhibitions, and in small quantities it conceivably might have a good effect. But it is hard to control the dosage. As a practical matter, alcohol is much more likely to make you think that you've got a good idea than to help you get one."

How about coffee?

"Sending out for coffee in the midst of a heavy think session is scientifically sound," Dr. Bobbitt says. "A large number of tests have established that caffeine stimulates the central nervous system, enhances the mind's ability to recognize associations between ideas. The effect of sweeping the cobwebs off your brain is not imaginary—it actually happens."

—LOUIS CASSELS



Solitude helps solve tough ones

ing process if you want results. Auto-criticism—the ability to appraise your thoughts as you go along—is one of the highest functions of human intelligence, and I have seen no evidence to indicate that it can be turned off like a spigot.

"The most creative scientists I know all have a highly developed faculty for auto-criticism, and they use it continually, not intermittently, when they are thinking through a problem.

"This gimmick of suspending evaluation is based on the belief that some people are likely to be inhibited in a group discussion by fear that their ideas will encounter ridicule. I should think that this kind of timidity would be rare in executive conferences. And where it exists, I doubt that you can overcome it simply by announcing that you aren't going to criticize anyone out loud.

"As a matter of fact, evaluation is the one realm of thought in which a group is likely to function far more effectively than an individual. It would make more sense to turn the popular process around, to rely on

REPRINTS of "Help Your Brain Work for You" may be obtained for 10 cents a copy or \$6.75 per 100 post-paid from Nation's Business, 1615 H St. N.W., Washington 6, D.C. Please enclose remittance with order.

FREE!

A helpful guide to answering personnel questions!

Whether you have five employees or hundreds—**MONY's** informative new booklet covers the ground from "coffee breaks" to salary administration!

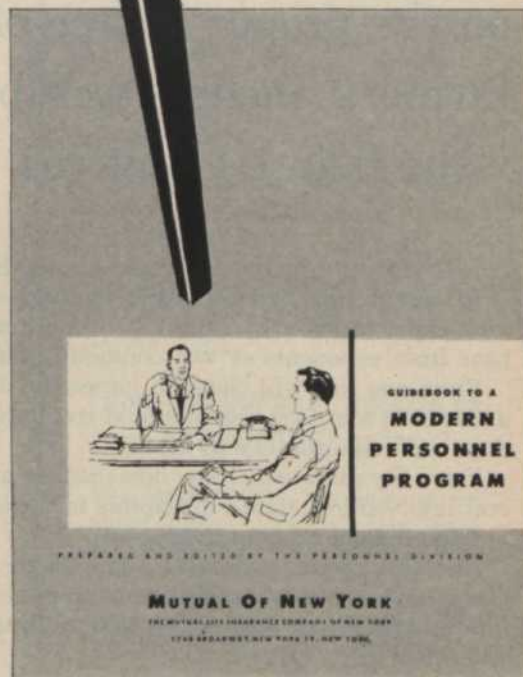
Written in outline form, MONY's 64-page "Guidebook to a Modern Personnel Program" holds a wealth of information useful to anyone concerned with personnel. The guidebook is based to a large degree on MONY's own program, administered successfully for years among thousands of employees.

You'll find it includes many sound ideas, proved in practice over the years in a wide variety of businesses . . . including many for whom MONY has developed business insurance and employee benefit plans.

Here are just a few of the important questions **MONY's** guidebook can help you answer!

- How do you determine vacation allowances?
- How do you establish a pension plan?
- How do you set salary standards?
- How do you kill unfounded rumors?
- How do you promote safety conditions?

Whether you want to develop a comprehensive personnel program or review the one you already have, you'll find MONY's guidebook most helpful.



For your **FREE** copy,
without obligation, mail this coupon today!

Mutual Of New York, Dept. NB-48
Broadway at 55th Street, New York 19, N. Y.

I would like a copy of your free "Guidebook to a Modern Personnel Program".

Name _____
Firm _____
Address _____
City _____ County _____ State _____
or Zone _____
Title _____



MUTUAL OF NEW YORK

The Mutual Life Insurance Company Of New York, New York, N.Y.
Offices located throughout the United States and in Canada

FOR LIFE, ACCIDENT & SICKNESS, AND GROUP INSURANCE
MONEY TODAY MEANS **MONEY** TOMORROW!

FARM SHOW-DOWN taking shape



Two conflicting ideas on the proper source of farmers' income will be issue before Congress

A SHOWDOWN on the farm issue is in the making.

In considering new proposals to carry on the 30-year effort to lift agricultural incomes, Congress will hear from exponents of two conflicting philosophies.

From one side will come an increasing demand for a return to a market economy and restoration of freedom and responsibility to farmers.

From the other will come demands for greater federal intervention, tighter discipline of farm operation and more financial help to farmers.

Because a sound agriculture is a factor in almost every business and because farm program costs run into billions of tax dollars, any action Congress takes will affect every citizen.

Businessmen will be especially interested because programs for agriculture set precedents for intervention in other parts of the business system.

The outlook for action by Congress is clouded, even though farm experts among the legislators recognize the eventual necessity for decision between the conflicting points of view. The obvious hazards to political ambitions and objectives in risking, in an election year, a clear solution to such a controversial issue may result in postponement of the real showdown until 1959.

Those who are pushing now for readjustment of agriculture at the farm level and freedom from confusing and frustrating restraints seek a set of rules or a framework within which a growing and dynamic agriculture can accommodate to rapid change.

This viewpoint assumes that there is no satisfactory or workable substitute for the market in guiding eco-

nomie decisions. The farmers in this group have confidence that they can survive as successful businessmen. In general, they want no part of their income from the public treasury with the amount and the conditions under which it shall be paid dependent on political decisions. They believe that, in the long run, farm income will be better with less government participation in farming.

Opposed to them are those who believe that agriculture is the only competitive business left in the country; that this puts the farmer permanently at a disadvantage; that more and stronger governmental intervention is necessary to offset the farmers' weak bargaining position.

From government they ask one or both of two types of programs:

1. Tighter regimentation of production and marketing in order that the expected gains from legislated scarcity and monopoly pricing can be realized.
2. Some form of direct income assistance from the government as the main reliance in achieving what they call justice for the farmer.

This group believes that farm income will be smaller if the area of freedom left to farmers increases; that farming as an industry is permanently crippled as far as bargaining position is concerned, and that, therefore, supplementing farm income from the federal treasury is a permanent and continuing necessity.

Such variance in farm opinion is not new. Divided beliefs were evident when Congress first attempted to deal with the farm problem back in the 1920's.

One group insisted that the aim should be to devise means of protecting the farmers' relatively weak bargaining position in periods of temporary economic disturbance. The object, as they saw it, was to provide a degree of income protection to stabilize markets and restore orderly marketing. This was to prevent undue burdens on farmers during a crop marketing year, a production cycle, or at the beginning of economic decline.

This plan contemplated a minimum of government intervention in economic processes, with main reliance on economic forces to guide the farm economy. In modern parlance it is represented by the idea that price supports should provide a minimum floor against disaster.

The other viewpoint was more ambitious. Its objective was to increase the farmers' relative share of the national income. It contemplated a major role for government with programs designed to circumvent economic forces and minimize their role in the farm economy.

The target was redistribution of income in favor of agriculture.

Years of experiment in trying to reconcile these conflicting views have built up the present farm prob-

lem. Three other developments have added to the complexity:

- Attempts to control production.
- Wartime and postwar price policies.
- The technological revolution in agriculture.

Controlling production: A major device to foster redistribution of income was a series of measures seeking to control farm output. Since the demand for farm products as a whole is inelastic (with the result that relatively small amounts of output have magnified effects on prices), the idea was that limiting output would improve farm income through increased prices.

The acreage allotments and marketing quotas on six crops, categorized as basic, and similar devices for other commodities, were thus set up to obtain for farmers, through government control, a degree of monopoly pricing.

Although temporarily effective to a limited degree, these measures have failed to achieve their objectives. Their major effect has been to shunt the surplus problem to other commodities.

Price policies: The second complicating force was the wartime and postwar price policy. High price supports were instituted to stimulate needed increases in production and to assure farmers against a sudden collapse at the end of the war.

They were continued long after the war, partly as income redistribution measures, but primarily to buy time for orderly readjustment.

The consequences have been excessive stocks of several commodities, continuing spurs to excess capacity, and price expectations on the part of farmers that the economy seems unable to support.

The technological revolution: A myriad of new technical developments has burst on agriculture in the past 20 years. These were stimulated to some degree by wartime needs for expansion. They were also triggered by the production controls, as farmers sought and found ways to offset the output restrictions.

A few simple facts show the result: With no expansion in crop acreage during a quarter of a century, 40 per cent fewer farm workers are producing 50 per cent more output. Twenty-five years ago one farm worker supported 10 people. Today he supports 20. The result is a volume of farm output which markets won't absorb at prices satisfactory to producers in line with present costs.

The net of these developments is that, in spite of extensive, complex and varied programs, the income distribution on behalf of farmers is no better today than in the 1920's before all these efforts began. The frustrations have led to the present showdown between, on the one hand, farmers, farm organization leaders and their representatives in Congress who contend that the government has not done enough, and on the other, farmers, organization leaders and

A result of wartime needs and better technology:



'33 '58

40% fewer
farm
workers
produce



'33 '58

50% more
output



"Now you see why I insisted on an ACOUSTONE* ceiling!"

Yes, ACOUSTONE, the original fissured mineral acoustical tile, soaks up unwanted sounds, helps provide the atmosphere that produces more efficient workers. But sound absorption is just one of seven important performance factors of a really modern ceiling. For the right ceiling construction for your requirements, insist on a ceiling by U.S.G.

THE CEILING—VITAL ELEMENT IN ANY ROOM—RATES THE ATTENTION OF TOP MANAGEMENT

When you remodel or build, be sure the ceiling—most important surface in the room—is capable of top performance. Contact your ACOUSTONE Tile Contractor; or write Dept. NB-82, 300 W. Adams St., Chicago 6, Ill.

*T. M. Reg. U. S. Pat. Off. for Mineral Acoustical Tile.



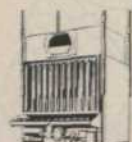
UNITED
STATES
GYPSUM

Pioneering in ideas for industry

modern heating for business and industry



Reznor direct-fired unit heaters offer the modern solution to the problems of heating commercial and industrial buildings. They cost less to install, less to operate and require practically no maintenance. With suspended, duct and free-standing types in all appropriate sizes from 25,000 to 2,000,000 BTU, the Reznor line includes equipment which is exactly right for your heating job.



Look for
Reznor under
"Heaters-Unit" in
the Yellow Pages



REZNOR
WORLD'S LARGEST-SELLING DIRECT-FIRED
UNIT HEATERS

Reznor Mfg. Co., 23 Union St., Mercer, Pa.

AUTO-MATE

Your Company's
Floor Maintenance

WITH **General**
FLOOR MACHINES

Scrub • Wax • Polish
Buff • Steel Wool
Dry and Wet Vacuum

SAVE TIME
MONEY
FLOORS

Every desired engineering improvement... many exclusive with GENERAL. Choice of wide range of portable Floor Machines, Wet & Dry E-Con-O-Vac Commercial Vacuum Cleaners—for all type floors.

Also for Your HOME!

GENERAL Twin-12A, "America's Finest Floor Polisher-Scrubber and Rug Cleaner."

General FLOORCRAFT, INC.

421 Hudson St., New York 14, N. Y.

World's Most Complete Line • Established 1930

Reduce Floor Maintenance Costs—Mail Coupon!

Send details: ☐ Industrial ☐ Home

Name _____

Street _____

City _____

State _____ NB-4

A Size For
Every Need!



Lower price supports could help win larger markets to reduce farm surplus

congressmen who contend that the government has done too much.

In the program which it hopes will win support from these rival factions, the Administration proposes to "widen the range within which price supports may be provided." Specifically it would permit the lowering of minimum price supports from 75 per cent of parity to 60 per cent for basic crops and dairy products. This is asked because the present range (75 per cent to 90 per cent) holds prices so high as to prevent the industry from expanding into new markets needed to absorb the increased production.

One paramount consideration must be emphasized as essential to market expansion. Growth cannot

prices declined an average of two to three per cent, with a one to two per cent increase in consumption.

A similar relationship is shown for red meats. In five years, retail price declines averaging close to six per cent have increased per capita consumption four per cent. In five other years, prices rose on an average six per cent with a corresponding decline of three per cent in per capita consumption.

These changes may look small, but they are especially important when they become cumulative over a few years. For example, from 1947 to 1951, retail meat prices rose by 13 per cent at a cost of a 10 per cent decline in consumption per capita.

FARM FUTURE

"Our agriculture is not weak, underdeveloped, backward or decadent. It is far too dynamic progressive, and strong a going concern to be adjusted by gentle controls or to submit to strong political manipulation. . . . The real future of American farming lies in its development to full stature as a self-reliant business."

Dr. Karl Brandt,

Past President, American Farm Economic Association

be achieved unless commodities are available at prices that will bring effective demand into the market.

In the export market, price will certainly be a key factor. In the domestic market, there has been too pessimistic a view of the role of price in building markets. Some leaders have said that, domestically, prices make no difference in consumption. Since the end of the war, we have had seven years when retail prices of milk and dairy products rose between three and four per cent on the average.

When this happened, per capita consumption declined two to three per cent. In four years retail dairy

From 1951 to 1956, the trend was in the other direction: Prices declined 21 per cent with a 20 per cent increase in consumption per capita.

Expansion of markets by finding new industrial uses needs to be qualified with a reminder that, generally speaking, the greater possibilities seem to be in the direction of raw materials, for which the search is ever in terms of reducing materials costs.

This proposal faces vigorous opposition from those who want more government money for farmers. Outlays would presumably be less because, with lower supports, less output would be delivered to the

Commodity Credit Corporation in default of price supporting loans, and such quantities as are delivered will be at lower prices.

The Administration also proposes to abolish escalator clauses in basic legislation applying to basic crops. Under these clauses the level of price supports is tied to the relationship of supply to demand. When supply is lowered in relation to demand, the schedules call for higher support prices. As surpluses are reduced the support prices must be raised. This provides incentives to pile up new surpluses, keeping farmers perpetually under the shadow of price-depressing surpluses. This means that the support levels are higher than the prices the commodities will return in the market.

Opposition to this is basically the same as that opposing lowering the minimum support. Farmers would obtain less money from the federal treasury through the price support operation.

The Administration also asks authority to increase acreage allotments of basic crops up to 50 per cent. Restrictions under the existing formulas have squeezed down the allotment, thus limiting producers' income potential from the regulated crop. There is pressure in a number of commodities to liberalize the allotment. The Administration coupled its request with the warning that acreage increase must be related to price adjustments that will permit the growth of markets needed to absorb the increased production.

Those who resist the lower supports may line up behind increasing the allotments. Increased allotments without price adjustments would provide more income from the government through the price support programs.

The acreage reserve—the soil bank—appears doomed. There is little support for it from those who want more money put into farmers' pockets now. The principal reason is that the rental payments generally did not offset the losses of income to those who signed up and there was little prospect of support for appropriations high enough to yield a net supplement to income.

Now the emphasis is being shifted to the conservation reserve and its expansion is asked. Under this proposal, rental contracts would run up to 10 years. In spite of the adjustment objectives, it seems likely now that success in getting sufficient support to pass the revision will depend to a major extent on whether the rental rates offered as an inducement will exceed the expectations of returns from cropping by the partici-

(continued on page 102)

THIS IS NO WHITE LIE!



The whitest-white typewriter paper ever made is Eaton's Diamond White Bond!



It has crispness and a quality cockle finish—gives new brilliance to all typing. Feels rich in the hand, makes an exceptional impression. Diamond White Typewriter Paper will be a credit to you—and easy on the office budget, too!

In all weights; 100-sheet packets and 500-sheet boxes. At your stationer's.

EATON'S

BERKSHIRE TYPEWRITER PAPERS

EATON PAPER CORPORATION



PITTSFIELD, MASSACHUSETTS

You can have a supervisor ride on every truck for little more than 2¢ per trip!



WAGNER-SANGAMO TACHOGRAPH reports all starts, idling, stops, speeds of entire run

You can get facts . . . at low cost . . . when you equip trucks with TACHOGRAPHS. It's like having your fleet supervisor ride on every trip . . . without leaving his desk.

Before each run, or at the beginning of each day, a chart is placed inside the Tachograph mounted on the dash. A complete graphic record of time of operation, duration of stops, speeds and distances traveled is automatically recorded on the chart.

Charts give graphic reports of every run . . . help cut unscheduled stops, let you plan better routing, help control the speed of vehicle, lower your operating costs by encouraging savings on gas, oil, tires . . . help make your drivers more safety conscious.

Bulletin SU-3 tells how TACHOGRAPHS can improve your fleet operation. Mail the coupon for your copy.

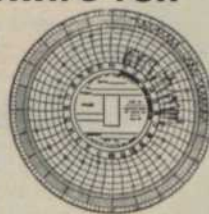


CHART TELLS ALL



Wagner Electric Corporation

6475 PLYMOUTH AVE. • ST. LOUIS 14, MO.

Please send a copy of Bulletin SU-3

Name _____
Company _____
Address _____
City _____ State _____
We operate _____ Vehicles W558-5

OUTLASTS

Ordinary Brushes

3 to 1



27 Styles and sizes to choose from—fully guaranteed. Write today.



MILWAUKEE DUSTLESS BRUSH CO.
530 N. 22nd St., Milwaukee 3, Wis.

BUSINESS CARD THAT KEEPS REMINDING!

Put your business card copy on a Barton Pencil. Present it with pride. Remind prospects and customers of your company, your product, your service.

*It costs less than lunches
... and it lasts!*

We'd like you to compare the Barton with the very best. For free sample, send us your business card!



"you're there" with...

SHAW-BARTON

Calendar and Specialty Advertising

SALES OFFICES IN PRINCIPAL CITIES
GENERAL OFFICES AND PLANT, COSHOCTON, OHIO

Managers polish skills by teaching

Businessmen spread executive development under this plan

EXECUTIVES CAN INCREASE their own management skills and at the same time teach others the basic skills under a plan developed by a group of businessmen and educators.

The purpose of the program is to pass on to others the management skills acquired by a relative few in an extended management training program. At the same time, the teachers—leading businessmen—polish their own skills by the very act of teaching others, acquire added prestige in the community, gain new contacts (and sometimes business) and do their own companies a public relations service.

The vehicle for this activity is a corporation, chartered under the laws of North Carolina, called Management Development, Inc. But the corporation has these unusual features: It never pays its stockholders dividends and you can't buy your way into it—you have to work your way in.

The plan was devised by business administration professor Rex Winslow of the University of North Carolina to make additional use of the pool of highly trained business leaders being graduated from the school's Executive Program.

The graduating businessmen qualify as excellent resources because of the highly regarded management training program they have taken over a six months' period—one full week in the fall, every other week end until spring, and ending with another full week.

Professor Winslow says he was looking "for an apparatus to do the job" of extending management training to those who, for various reasons, were unable to take an extended management training course.

Under the Winslow plan, the graduating executives receive one share of stock in the corporation. There are now approximately 150 shareholders. To gain an additional share of stock, an executive has to teach one full hour at one of the institutes held by the corporation.

So far the corporation has held three such 30-hour institutes in different cities of North Carolina. A

fourth one started in March. The corporation goes into a city only by invitation, usually from the local chamber of commerce. Attendance at the institutes is limited to 25 local businessmen at the general office or policy-making level.

"We haven't tried to give the corporation publicity," he says, "because we have all the time in the world to perfect ourselves and our methods." Nevertheless, word has gone around the state and several invitations are out to have the corporation hold one of its institutes. Since the stockholders in Management Development, Inc., come from all over the state, an institute can be held within a short distance of a pool of trained executives.

As more executives complete the Executive Program at the university, the pool of resources of the corporation will grow.

Professor Winslow, who has done some teaching in the institutes, handles part of the administrative work of the corporation. He helps set up the courses to be taught. Eventually, he expects to turn all operations over to the corporation. The corporation sends out to registrants of the institutes study material before every meeting. This definitely makes the two-and-a-half-hour night sessions more fruitful, says Professor Winslow.

Each registrant is charged \$50 for the 30-hour course and the money, after expenses, is returned by the corporation in the form of supplies and books. No teacher is paid for his work.

At an institute recently held in Ramseur, N. C., the executives taught courses in general management, financial management, sales, personnel, production and records management. The men doing the teaching are often leaders in these fields.

Professor Winslow points out that since there are some 40 executive development programs similar to the university's throughout the United States, plans similar to Management Development, Inc., could be developed in other areas equally well. **END**

BOOM CAN COME

continued from page 33

basis all through 1949 but reached its peak in March 1954 on an absolute basis and rose little on a seasonally adjusted basis from April through August.

So many factors are at play in any given situation that the balance may be precarious. Developments could go either way with but slight variations in pressures. Because a particular combination of forces sent some things up or down at a given stage four years ago does not mean the combination prevailing today will cause the same things to rise or fall; or, if they do rise or fall, that they will do so at the same rate.

Just as lack of data hid the coming of recession, it also confuses our view of the future. Some things, both grim and cheering, seem clear.

We know that the economy is not in as good condition to withstand shocks as it was in 1949 or 1953.

There was little excess capacity in 1953. There was appreciable excess capacity in 1957. Stock prices in relation to earnings were in much more



favorable position in 1953 than in 1957. The stock market did not add to business pessimism in 1954. In fact, business optimism was high in 1954, in part because President Eisenhower had recently taken over and the businessmen were confident that the economy would be kept on a fairly even keel. Western Europe was booming in 1954, and bought a large amount of goods from us. It is not doing as well for us in 1958. A tax cut resulted in a total reduction of federal revenues below the point they would have reached at the economic levels of 1954 of about \$7.5 billion.

Both retail and wholesale prices had remained fairly level on the whole in 1953, and had caused no buyer hesitation, as they did in 1957. These factors and a few others which helped us through 1954 are not helping meet the shocks of 1958.

In addition, defense orders will not be rising enough to cause employment in defense industries to be higher (and it may be lower) in December 1958 than in December 1957. Construction, as a whole, will not rise during 1958.

On the other hand, many business-

(continued on page 98)

How to work
sales magic in only 4½ sq. ft.



MODERNIZE WITH A NEW, COMPACT

JANITROL® WIN-SUM-MATIC
YEAR 'ROUND AIR CONDITIONING SYSTEM!

In little as 4½ sq. ft. of floor space—less than required by the average furnace—the Janitrol Win-Sum-Matic system provides the finest in summer cooling and clean gas heating! Creates a year 'round atmosphere of comfort that attracts more customers, helps keep employees alert and efficient. Convenient time payments can be arranged, so don't delay. Ask your Janitrol dealer about a Win-Sum-Matic for your business.

JANITROL HEATING
AND
AIR CONDITIONING
DIVISION
SURFACE COMBUSTION
CORPORATION
COLUMBUS 16, OHIO
In Canada:
Moffats Ltd., Toronto 15

**Bass Fishermen will
Say I'm Crazy ...
until they try
my method!**



**But, after an honest trial, if you're
at all like the other men to whom I've
told my strange plan, you'll guard it with your last breath.**

Don't jump at conclusions. I'm not a manufacturer of any fancy new lure. I have no reels or lines to sell. I'm a professional man and make a good living in my profession. But my all-absorbing hobby is fishing. And, quite by accident, I've discovered how to go to waters that most fishermen say are fished out and come in with a good catch of the biggest bass that you ever saw. The savage old bass that got so big, because they were "wise" to every ordinary way of fishing.

This METHOD is NOT spinning, trolling, casting, fly fishing, trot line fishing, set line fishing, hand line fishing, live bait fishing, jugging, netting, trapping, or seining. No live bait or prepared bait is used. You can carry all of the equipment you need in one hand.

The whole method can be learned in twenty minutes—twenty minutes of fascinating reading. All the extra equipment you need, you can buy locally at a cost of less than a dollar. Yet with it, you can come in after an hour or two of the greatest excitement of your life, with a stringer full. Not one or two miserable 12 or 14 inch over-sized keepers—but five or six real beauties with real poundage behind them. The kind that don't need a word of explanation of the professional skill of the man who caught them. Absolutely legal, too—in every state.

This amazing method was developed by a little group of professional fishermen. Though they were public guides, they rarely divulged their method to their patrons. They used it only when fishing for their own tables. It is possible that no man on your waters has ever seen it, ever heard of it, or ever used it. And when you have given it the first trial, you will be as closed-mouthed as a man who has suddenly discovered a gold mine. Because with this method you can fish within a hundred feet of the best fishermen in the county

and pull in ferocious big ones while they come home empty handed. No special skill is required. The method is just as deadly in the hands of a novice as in the hands of an old timer. My method will be disclosed only to those men in each area who will give me their word of honor not to give the method to anyone else.

Send me your name. Let me tell you how you can try out this deadly method of bringing in big bass from your local waters. Let me tell you why I let you try out my unusual method for the whole fishing season without risking a penny of your money. Send your name for details of my money-back trial offer. There is no charge for this information, now or at any other time. Just your name is all I need. But I guarantee that the information I send you will make you a complete skeptic—until you decide to try my method! And then, your own catches will fill you with disbelief. Send your name, today. This will be fun.

ERIC S. FARE, Libertyville 11, Ill.

Eric S. Fare, Libertyville 11, Illinois
Dear Mr. Fare: Send me complete information without any charge and without the slightest obligation. Tell me how I can learn your method of catching big bass from waters many say are "fished out," even when the old timers are reporting "No Luck."

Name _____
Address _____
City _____ Zone _____ State _____



FUND

You are in business to earn a profit. But over and above that, you have responsibilities to society.

It is your responsibility, for instance, to meet the needs of the people for goods and services—to make wide use of natural resources—to provide jobs.

It is your responsibility to share your wisdom and views on national issues with government officials—to formulate national policies—to solve national problems.

It is your responsibility to keep the economy expanding—to

AMMENTALS

keep the country increasingly strong and productive, not only for national defense but also for everyday living.

The national organization through which the businessmen of America work together to exercise their leadership in national affairs, and to fulfill their social responsibilities, is the Chamber of Commerce of the United States.

For information, write:

CHAMBER OF COMMERCE OF THE UNITED STATES, WASHINGTON 6, D. C.

BOOM CAN COME

continued

men believe the time is approaching for an increase in consumer purchases of nondurables. Both economists and businessmen are more confident of the basic strength in this than in other areas.

Consumer expenditures for durables were about 7.5 per cent higher in the third quarter of 1949 and 3½ per cent higher in the third quarter of 1954 than they had been in the years preceding the recession. Ex-

penditures for nondurables were nearly two per cent higher in the third quarter of 1954 than they were on the average in 1953. These increases occurred despite the fact that 1948 and 1953 had been exceptionally high years. The year 1957 was not an exceptionally high one. Expenditures for consumer durables reached their peak in the first quarter of 1957 and have probably dropped five per cent or more, since then. Nondurable expenditures reached their peak in the third quarter of 1957 and have dropped one per cent or so since. Consumer expenditures, therefore,

could start rising in 1958 and help to push the economy up in the near future.

The cost of money discouraged home building in 1957. The decline in the volume of home building helped dampen sales for consumer durables such as kitchen and other household equipment. The result of the reduction in interest rates which became evident in the fall of 1957, and the increased availability of funds is already showing up in easier mortgage lending and in a higher volume of housing starts. This could stimulate an increase in the sale of consumer durables.

Steel may be another factor of strength.

Steel inventories in November 1953 were very high even for the level of consumption at that time. The statistics available then indicated that inventories might be expected to drop to minimum usable levels by March 1954. Most firms thought they could rely on inventories of their suppliers and so neglected their own, allowing them to drop too low by the summer of 1954—with unfortunate effects on the economy and their profits. The fragmentary data available now suggest that a similar situation is developing again.

Orders for quick deliveries began to be pressed by July or August of 1954. They are already coming again. This is a hint, but only a hint. It may be that firms are protecting their inventories better than they did in 1954. But if they are ordering for quick delivery, it may be that their inventories are already depleted to about the levels they reached in July, 1954. If the first surmise is correct and inventories are being protected, steel orders could stay low for many weeks. If the second is right, steel orders may rise in April. It could make a big difference to the economy if steel orders rose appreciably in April.

A rise in steel orders would not necessarily mean that orders in other areas would have to rise soon in order to match current consumption. We do not have inventory data comparable even to that for steel for most commodities. What we do have is based on sample reporting, and on calculations of residuals. Estimates of production are matched against estimates of shipments, and residual figures must often be used as a basis for estimating whether inventories rose or declined, and by how much.

A better future

Such inventory estimates can be so far off—as can our statistics in other fields—as to be of little value

America's Lowest-Priced Pickup!



Only
\$1595*

Studebaker Scotsman

Studebaker brings you a rugged all-purpose pickup at a price so low that competition can't touch it . . . let's compare, for this is where savings start!

SCOTSMAN—\$1595*	America's lowest-priced pickup
Truck D —\$1854†*	Buy a Scotsman and <u>SAVE</u> \$259
Truck F —\$1873*	Buy a Scotsman and <u>SAVE</u> \$278
Truck C —\$1884*	Buy a Scotsman and <u>SAVE</u> \$289
Truck IH —\$1905*	Buy a Scotsman and <u>SAVE</u> \$310
Truck GM —\$1969*	Buy a Scotsman and <u>SAVE</u> \$374

And gear ratios carefully matched to its efficient "6" engine gives Scotsman superior gasoline economy—this means greater savings that will continue every day. Get the complete story—see your dealer today.



Studebaker-Packard

CORPORATION

Where pride of Workmanship comes first!

*Price for Standard lowest-priced ½-ton pickup with box, including servicing for retail delivery. Optional equipment, transportation and local taxes extra.

†Service for retail delivery not included.

in judging when a turn will come, or has come. They may be of no value in judging when pinch-points will come which will result in a flood of orders or in a slowing down of production.

Consequently production might increase sharply in the near future without warning just as it dropped sharply with little warning in the fall of 1957.

If we are to know, in the future, where we are going with a degree of certainty that will enable us to act, we will need dependable statistics kept constantly up to date.

The Survey Research Center of the University of Michigan has been making surveys of consumer intentions for the Federal Reserve Board, and others, for several years.

Other research centers have been doing similar work.

Given adequate resources, these centers could quickly and at frequent intervals provide us with barometer readings of consumer intentions which would be a better guide than we have.

The Executive Office of the President and the Joint Economic Committee of the Congress have frequently pointed out that most of the other data needed also could be obtained readily at low cost. In other words, reliable data on which to base judgments on major matters, such as probable consumer attitudes, inventories, business investment, and so on could be obtained for the economy if we were willing to spend only minute fractions of the amount to follow the trends in the national economy that we spend to follow or create prospects for particular commodities.

As the situation is today, we do not know now that consumers, or others, will help bring us out of the recession in the summer of 1958 any more than we knew in the spring of 1957 that a combination of events would make trouble for us by winter.

The government should place a high priority on the development and dissemination of useful, accurate data concerning the economy. We need to know what is happening. Even more important, we need to know why it is happening, promptly, regularly, accurately.

The availability of such data would have suggested the probability of a sharp drop last summer, instead of forcing us to wait until October to discover it. It would have indicated that the drop could be severe instead of forcing us to wait until December to know that it was severe.

Then, forewarned, we could have been forearmed.

—ROBINSON NEWCOMB



Bruning Copying Machines Make "Heavenly" Paperwork Savings for Famous Carpet Company!

James Lees and Sons Company, famous makers of "those heavenly carpets by Lees," uses modern Bruning Copyflex copying machines to process over 150 different forms and reports on a fast one-writing basis.

In one warehouse order-invoice operation, alone, Copyflex saves over \$10,000 annually in clerical work. Customer invoices are mechanically reproduced by Copyflex directly from original written or typed orders. This has completely eliminated clerical rewriting, re-typing, and proofreading; has saved the expense of three typists during peak-load periods.

You, too, can eliminate a vast amount of clerical work with Copyflex. Machines are clean, odorless, economical—letter-size copies cost less than a penny each for materials. Desk Top Model, shown above, is \$555. Larger models available. Get full information about Copyflex by mailing the coupon now.

BRUNING

Copyflex

Charles Bruning Company, Inc., Dept. 41-NB
1800 Central Road, Mount Prospect, Ill.
Offices in Principal U. S. Cities
In Canada: 105 Church St., Toronto 1, Ont.

Please send me booklets on Copyflex for

☐ Order-Invoice ☐ Other applications

Name _____ Title _____

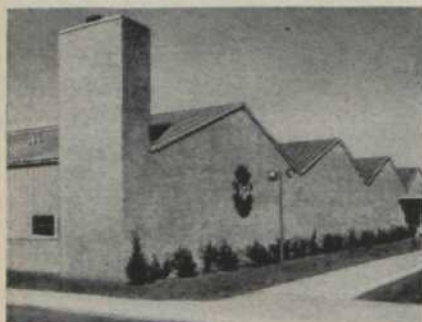
Company _____

Address _____

City _____ County _____ State _____



**Build well—
yet conserve
your precious
working capital**



"Shirtsleeve" buildings or modern, architecturally-styled, prestige structures—your Butler Builder and the Butler Buildings System save money either way.

**with Butler
pre-engineered
buildings**

Capital is far too precious to bury in non-earning facilities. Yet, when you must build, you may be caught between the high cost of good construction and the endless expense of cheap buildings. But do you know that you can sidestep much planning delay and expense—order buildings like punch presses—and still get quality buildings at attractive prices?

You can—with Butler metal buildings. Pre-engineered and precision mass-produced, they provide advantages possible in no other type of building. Fast construction cuts weeks—sometimes months—off building time. Future expansion or alteration is easiest, fastest and lowest-cost of any type building. Your employees will enjoy better lighting, better ventilation, better temperature control than in most other types of buildings, regardless of cost. Learn the reasons why. Call your nearest Butler Builder. He is listed in the Yellow Pages under "Buildings" or "Steel Buildings." Or write us direct.



BUTLER MANUFACTURING COMPANY

7456 East 13th Street, Kansas City 26, Missouri
Manufacturers of Buildings • Oil Equipment
Farm Equipment • Dry Cleaners Equipment
Outdoor Advertising Equipment
Custom Fabrication

Sales offices in Los Angeles and Richmond, Calif.
Houston, Tex. • Birmingham, Ala. • Atlanta, Ga.
Minneapolis, Minn. • Chicago, Ill. • Detroit, Mich.
Cleveland, Ohio • New York City & Syracuse, N. Y.
Washington, D.C. • Burlington, Ontario, Canada

Executive Trends

Lo, the mighty cost cutters

Cost-cutting, a subject which fell into comparative disrepute during sunnier years of the recent boom, is getting more respectful consideration from executives in the current business readjustment.

Where once they were inclined to ho-hum a proposal to search for waste, inefficiency and duplication in their operations, cost-minded managers now are pressing the search with all the diligence of a Sherlock Holmes tracking Professor Moriarity.

Do we have five people doing the work that three could do? Have our divisions gotten so big that they are spawning an unnecessary bureaucracy? Can we get by with less paper handling? Can we reduce tool loss, and eliminate our less profitable products? These are the kinds of questions that managers are asking.

► *The truth is that cost control is a virtue which should be practiced in fair weather as well as foul. An increasing number of business organizations are becoming aware of this and are working to build permanent machinery—in some cases cost vigilance committees—for the continuing suppression of waste, unnecessary expense and the other things which erode profits.*

Tips on cutting costs

In their search for obvious waste and inefficiency, managers sometimes overlook the subtle inefficiencies in their operations. Like unwelcome relatives, these may prove hard to get out of the house simply because they have been there so long. Consultant John F. Gustafson (McKinsey & Co., Inc.) puts "certain time-worn assumptions" in this category, blames them for high distribution costs.

Here are two shaky assumptions: "Our salesmen know all the best prospects and don't need to be told where to call for most profitable results." "Our salesmen eventually learn the best ways to sell if they stick at the job long enough."

Mr. Gustafson urges businessmen to identify and challenge such long-standing assumptions, then use careful cost analysis to determine where waste is hiding.

► *One national sales organization, in quest of ways to trim costs, discovered that its sales districts—last reorganized several years ago—had not been altered to fit the present sales climate. The setup was producing a loss of \$45,000 a year in one district alone. Result: The old plan has been scrapped and is being revamped to meet present needs.*

Business statesmen view our future

Five men whose ages and experiences qualify them to be described as "elder statesmen" of American business recently were asked by

the American Management Association to tell how the future looks to them.

One, 85-year-old Joseph R. Knowland, publisher of the Oakland, Calif., *Tribune*, said inflation, in his view, is the most serious problem which America faces. A self-identified optimist, Mr. Knowland thinks we'll solve the problem. Emil Schram, former president of the New York Stock Exchange, agreed that inflation—"constantly increasing costs without a comparable increase in productivity"—is perhaps the greatest danger facing the country.

Other challenges cited by the veteran executives: America's involvement in world affairs; taxes; welfare statism; growing labor power and industry's comparative passivity in the face of it.

► *How do these old-timers feel about retirement? One said this: "I had not gotten going when I was 50. I think that anybody that wants to retire at 40 or 50 should not have started working to begin with." Best advice to younger men? Typical comment: "If we can teach our children that nothing is going to take the place of hard work and honesty and good intent, they will be successful."*

What causes defective executive action?

What are the deficiencies in skill, personality, background or viewpoint that cause an executive to fall short of the model? This question is asked and answered by Dr. Vincent A. Flynn, research director of the Society for the Advancement of Management (for other views, see page 34).

Dr. Flynn blames five basic weaknesses for individual executive failure. These include failure to put the job, the organization and business colleagues in proper perspective; failure to build loyalty of subordinates through good example; failure to effect a morally correct reconciliation between legitimate profit interest for the organization and discharges of long-employed personnel following mergers, retrenchments, etc.; failure to eliminate company politicking, and failure to surrender the prerogative of decision-making when circumstances warrant it.

► *Of this last point, Dr. Flynn says some administrators today will balk at acceding to the recommendations of technical men on their staffs whose judgment on something is obviously better, though different, from their own. To save face, the executive might bottle up recommendations in committee or modify them to death. Two cures are possible: humility or coercion.*

What to do with a new idea

Business never tires of looking for better ways to find and appraise new ideas. In the present business situation this quest has taken on an added emphasis. Companies are looking for ways to stimulate sales, making merchandising more effective, break into new markets.

J. O. Reinecke (Reinecke and Associates) says that when you select a new product idea for screening, you should treat it gently but firmly. Gather all information pertinent to it, and don't let its possibly radical nature scare you away.

Consider only positive factors of a new idea in your first evaluation, Mr. Reinecke says. List the plus factors—convenience, labor-saving appeal, or what have you. After you have thoroughly considered the positive factors, then you should move on and examine the idea for its negative features.

► *Mr. Reinecke warns that new product ideas probably should be avoided if they entail the need for extensive consumer education, if they are an addition to an already crowded product field, or if production of the product would involve materials which are difficult to obtain.*



In a class
by itself
since 1830

TEACHER'S
HIGHLAND CREAM
Scotch Whisky

86 PROOF • Blended Scotch Whisky
Schieffelin & Co., New York

Administration plans for REA and conservation



"It Takes One to Catch One"

"Yes, it takes a businessman to sell a businessman, and that's just why I want you to join the Contact Club of our Chamber of Commerce, Andy. Our job is to contact and bring in new members; so you might say we're the lifeblood of the Chamber. After all, we need an ever-increasing membership if we are to continue our useful, ever-expanding program.

"A membership committee, whether you call it the Contact Club, the Wheelers, or even the Sparkplugs, is an effective means of enlisting new members. Our Chamber manager is busy enough keeping the Chamber and its program running smoothly and coordinating the work of the various committees. But the Contact Club is a bunch of businessmen talking to their own kind. We put on a drive for a week out of the year and the rest of the time we give but an hour or two each week.

"That hour or two can be most productive for you, Andy. You'll enjoy the contacts you make—many of them will prove valuable to you as well as to the Chamber. That's why I always say: 'Help your local Chamber and you will be helping yourself, too.' So join us. Work with us. We'll all be gainers."

Pete Progress

Speaking for
your local Chamber of Commerce

pants—on whether it yields more money now.

The Administration also asks extension of the Agricultural Trade Development and Assistance Act with an additional \$1.5 billion to continue the disposal of surpluses. Although this program does not provide direct current sources of money to farmers, some of its support from those who want more money now for farmers is based on the hope that cleaning out some of the stocks in the CCC cupboard will make room for more; that reducing the government stocks will minimize the embarrassment of their size, and ease the pressure against further accumulation under the price support programs.

Thus the chances for continuing income supplements through price supports are thought to be enhanced.

Two other major Administration proposals are not related to the price support issue.

One is to pare down the Agricultural Conservation Program. Under this program the government shares with farmers the cost of carrying out certain practices aimed at conserving soil and water. The Administration proposes to cut this assistance from \$250 million to \$125 million, with adjustments "to direct the program away from practices contributing most to immediate increases in agricultural production." But vigorous opposition to the cut can be expected because, once again, "it will take from the farmers income that they need."

The second is the proposal to provide an orderly transition from government to private financing of the Rural Electrification Program. This has become something more than a farm program, since, according to the Secretary of Agriculture, among new customers added annually, non-farm users outnumber farmers nearly three to one.

But transition to private financing implies an end ultimately of the financing of these operations at the subsidized interest rate of two per cent which is less than the cost of borrowed money to the federal treasury. Thus the opposition protests that this raises the costs of services to farmers by depriving them of the

money involved in the interest subsidy.

These illustrations emphasize the increasing focus on the question whether farm programs should or should not provide more federal money to farmers. Continuation of some of these programs has been supported in the past in order to buy time to permit basic adjustments. But it has become an increasingly sobering thought to many farmers and their leaders that the time bought has not yielded improvements in the situation, while the continuation of the programs has aggravated the problems.

Such subsidy approaches as soil banks, excessive price supports and direct payment programs have been justified by some advocates as income supplements due farmers in order to offset what is thought to be the permanently disadvantaged position of farmers in the economy.

Experience shows, however, that as rapidly as subsidies become certain or predictable as to amount and timing, they increase the value of land and other resources in producing. They become the basis for capitalization into higher values as reflected in the bidding for such resources. As long as there is private property and competition within and between farmers or those who would farm, the payments involved in such subsidies will become capital bonuses to those holding resources when they become predictable, and soon after that, costs to succeeding farmers. What starts as an income supplement thus is transformed into a capital cost making necessary its continuance to avoid unfairly penalizing the holders. Meanwhile, the income benefits they are supposed to convey have been lost.

There is perhaps an easy tendency to blame the current predicament of the farmer on the farmer himself. It is fair to remember that much of the current situation is the result of the wartime challenge to agriculture to expand to meet emergency needs. Farmers and their associated businesses and industries made a magnificent response to this challenge.

An important part of the present problem is due to the difficulties of getting back to normal after that crisis. Farmers and policy makers alike need the understanding and support of the country in constructively making the transition.

The public thus has a responsibility to insist, along with millions of farmers and their leaders, upon a constructive approach and solutions that eliminate the deadlock, lift the crisis, and permit agriculture to go forward as a free and prosperous industry.—WALTER B. GARVER

QUENCH YOUR THIRST FOR NEW BUSINESS

IN THE BILLION DOLLAR SOFT DRINK INDUSTRY



These days everyone's thirsty. And when established markets begin to run dry that's the time to look into new ones.

The billion dollar soft drink industry can very well be your new thirst quencher. For, while a soft drink sounds simple, its manufacture is a detailed, complex procedure. And the nation's better than 5,000 independent bottlers scattered throughout the United States are the kind of businessmen who seek out new equipment, new methods, to cut their costs, increase their production, find new markets and improve their profits. Often a product you've been selling to another industry is exactly what the bottler needs.

But the nation's bottling industry is difficult to sell in a concentrated way — it's hard to reach with individual sales calls because the industry is spread all over the United States map. However, the one place where you can meet the entire industry at one time is:

THE INTERNATIONAL SOFT DRINK EXPOSITION AND CONCURRENT CONVENTION

November 17 to 20, 1958 • Atlantic City, N. J.

In just four days, you can explore this industry. Meet, in person, almost all the key people of the nation's wide scattered bottlers. It is the once-a-year event, sponsored by the industry's national association — American Bottlers of Carbonated Beverages. Every bottler attends if he can.

Exhibit in this Exposition yourself. See what bottlers buy to maintain and run their plants at a profit.

In your own exhibit at the Exposition you can meet these men in their best buying frame of mind. Moreover, participation enrolls you as an ABCB associate member, thereby broadening the industry's benefits to you.

For complete information about booth space, or for complimentary admission tickets, write "Soft Drink Exposition."

AMERICAN BOTTLERS OF CARBONATED BEVERAGES

1128 Sixteenth St., N. W., Washington, D. C.



Discover

INDUSTRY'S NEW ELEMENT!

...the magic element of Colorado Climate, the element that gives Colorado Industry the advantages of greater worker productivity, fast growing new markets...and the BONUS of Pleasant Living. Before selecting your plant location, discover all the elements of success awaiting your industry in Colorado, the state that more than meets your site requirements.

COLORADO

Department of
Development
61 State Capitol
Denver 2, Colorado

EXECUTIVES:
Write today for your free,
revised-to-the-minute
analysis...
INDUSTRIAL COLORADO



THIS ISSUE OF Nation's Business—FREE

—to your executive friends

We'll send a copy with your compliments. Simply fill in and mail this coupon

To _____

Address _____

City _____ Z _____ State _____
His job
or Co. _____

To _____

Address _____

City _____ Z _____ State _____
His job
or Co. _____

To _____

Address _____

City _____ Z _____ State _____
His job
or Co. _____

Sent by _____

Address _____

City _____ Z _____ State _____

Clip & Mail To

Nation's Business

1615 H St. NW Washington 6, DC

MAGIC MAIL PLAN

that comes with this Little Machine
CAN MAKE YOU \$5.00 AN HOUR



Write today for free facts about the newest and most fascinating of all new home operated businesses. For the first time, a simplified machine brings the fabulous profits of Plastic Sealing and Plastic Laminating within the reach of the small operator. Anyone can learn to operate it with a few minutes practice. Then—with our MAGIC MAIL PLAN—can get mail orders pouring in daily with cash in every envelope.

No Canvassing or Selling

Fill orders at home in spare time to start. Then expand to full time business. We even supply circulars to bring back cash and orders. Rush name for all the facts you need to start. A postcard will do. No charge.

WARNER ELECTRIC CO.

1512 Jarvis, Dept. L-108-D, Chicago 26, Illinois



Control keys without fuss or bother, and have complete key security. Save on replacement costs for locks because better duplicate keys can be cut. Telkee Systems, capacities from 21 to 2240 keys, belong in up-to-date offices, plants, institutions and commercial establishments. Prove it to yourself. Write today for free booklet: "The Key To The Whole Thing."

Address Dept. I-48



The MOORE KEY CONTROL® Systems

P. O. MOORE, INC.

A SUBSIDIARY OF SUNROC CORPORATION, GLEN RIDGE, PA.



If you are a \$5,000-to-\$20,000 investor you should have our free folder "What Is A Royalty?" for higher monthly income than is possible elsewhere. No stocks for sale. Address Operator NB, Rm. 724, Cooper Bldg., Denver 2, Colo.

ESHELMAN GOLF CARS COST FAR LESS

CHOICE! ELECTRIC OR GASOLINE POWER

Both at same low price! Both feature new extra power, dependability, enjoyment! Handles like big car. Holds 2 adults and 3 bags comfortably. Also ideal cars for sport use. Write for FREE literature.



Patented

Dept. 530, ESHELMAN, Balto. 2, Md.

SPACE IN NORTH CAROLINA

For Sale, 4 year old building, Lexington, N. C. 30,000 sq. ft., concrete floor, steel frame structure, with office space. Located on railroad siding, heavy duty building suitable for factory or warehouse.

\$90,000

THOMAS & HOWARD CO., Charlotte, N. C.

THE NEW LINDY AUDITOR'S FINE POINT PEN

In 6 Colors of Ink Guaranteed
Designed for those who prefer a fine Point Pen
Giant 6 inch Ink Supply
2 for \$5.25
1 for \$1.00
COLOR OF PEN DENOTES COLOR OF INK



LEE PEN CO. 16 Court St., Dept. NB, Brooklyn 1, N.Y.

ADVERTISERS IN THIS ISSUE • APRIL 1958

PAGE

Acco Products, Inc.	84	La Porte & Austin, New York
Adgif Company, Division of Scripto, Inc. 61		Liller, Neal & Battle, Atlanta
Aetna Life Affiliated Companies.	10	Wm. B. Remington, Springfield
Air Express, Division of		Railway Express Agency.
Burke Dowling Adams, New York	26	
Airkem, Inc.	63	Atherton & Currier, New York
Aluminum Company of America. .4th cover		Ketchum, MacLeod & Grove, Pittsburgh
American Bottlers of Carbonated Beverages.	103	James R. Flanagan, New York
American Telephone & Telegraph Co. (Class.)	67	Cunningham & Walsh, New York
American Telephone & Telegraph Co. (LL)	105	N. W. Ayer, Philadelphia
American Trucking Association.	22	Allman Company, Detroit
Association of American Railroads.	51	Benton & Bowles, New York
Bay West Paper Company.	84	Klan-Van Pietersom-Dunlap, Milwaukee
Beech Aircraft Corp.	30	Associated Advertising, Wichita
Bruning, Charles, Company.	99	H. W. Kastor & Sons, Chicago
Burroughs Corp.	64	Campbell-Ewald, Detroit
Butler Manufacturing Company.	100	Aubrey, Finlay, Marley & Hodgson, Chicago
Carey, E. A., Pipe Company.	83	Grant, Schwenck & Baker, Chicago
Cast Iron Pipe Research Association.	6	H. B. Humphrey, Alley & Richards, New York
Celanese Corporation of America.	50	Ellington & Company, New York
Chamber of Commerce of the U. S. 96, 97		Direct
Chamber of Commerce of the U. S.	102	Gray & Rogers, Philadelphia
Colorado, State of.	103	William Kostka, Denver
Commercial Credit Company.	68	VanSant, Dugdale, Baltimore
Comptometer Corp.	75	Henri, Hurst & McDonald, Chicago
Dick, A. B., Company.	57	Fuller, Smith & Ross, Chicago
Ditto, Inc.	85	Henri, Hurst & McDonald, Chicago
Dodge, F. W., Corp.	19	G. M. Basford, New York
Dow, Jones & Company, Inc.	74	Batten, Barton, Durstine & Osborn, New York
Eastman Kodak Company (Verifax)	71	J. Walter Thompson, New York
Eaton Paper Company.	93	Anderson & Cairns, New York
Elbe File & Binder Company, Inc.	83	Kenneth L. Nathanson, Fall River
Electric Storage Battery Co. (Exide Industrial Div.)	81	Gray & Rogers, Philadelphia
Eshelman Company.	104	Asrael Advertising, Baltimore
Executone, Inc.	48	Joseph Katz, New York
Fare, Eric.	95	Grant, Schwenck & Baker, Chicago
Ford Motor Company (Truck Div.)	4, 5	J. Walter Thompson, Detroit
Friden Calculating Machine Company.	13	J. Walter Thompson, San Francisco
General Electric Company (Lamp Div.)	54	Batten, Barton, Durstine & Osborn, Cleveland
General Floorcraft, Inc.	92	Posner-Zabin, New York
Georgia Power Company.	60	Lowe & Stevens, Atlanta
Hardware Mutuals.	25	Roche, Williams & Cleary, Chicago
Harter Corporation.	70	Lampert, Fox, Prell & Dolk, South Bend
Hartford Fire Insurance Company Group 47		Marshalk & Pratt, New York
Insurance Company of North America. . 29		N. W. Ayer, Philadelphia
Inter-Continental Trading Corp.	79	Mann-Ellis, New York
International Business Machine Corp. 52, 53		Benton & Bowles, New York
International Harvester Co. (Truck Div.)	20, 21	Young & Rubicam, Chicago
Kiplinger Washington Agency.	12	Albert Frank-Guenther Law, New York
Lee Pen Company.	104	Herbert Advertising, New York
Lincoln National Life Insurance Company.	56	Maxon, Inc., Detroit
Listo Pencil Corp.	70	Cunningham & Walsh, San Francisco
Milwaukee Dustless Brush Company.	94	Al Herr, Milwaukee
Moore, P. O., Inc.	104	Willard T. Hine, Phoenixville
Mutual Life Insurance Company of New York.	89	Benton & Bowles, New York
National Blank Book Company.	17, 18	Sutherland-Abbott, Boston
National Gypsum Company.	16	Batten, Barton, Durstine & Osborn, New York
National State Bank of Newark.	12	Williams & London, Newark
New York Life Insurance Company.	14	Compton Advertising, New York
New York Stock Exchange.	69	Calkins & Holden, New York
Norfolk & Western Railway Company. . 15		Houck & Company, Roanoke
Old Town Corp.	74	La Porte & Austin, New York
Onan, D. W., & Sons, Inc.	83	Graves and Associates, Minneapolis
Operator NB.	104	Conner Advertising, Denver
Oxford Filing Supply Company.	55	Kelly, Nason, New York
Pitney-Bowes, Inc.	73	L. E. McGivena, New York
Portland Cement Association.	2nd cover	J. Walter Thompson, Chicago
Pullman Company.	62	MacFarland, Aveyard, Chicago
Quantity Photos, Inc.	70	Sylvan Pasternak, Hollywood
Railway Express Agency.	11	Benton & Bowles, New York
Recordak Corp.	45	J. Walter Thompson, New York
Reznor Manufacturing Company.	92	Kight Advertising, Columbus
Schiffelin & Company.	101	Donahue & Coe, New York
Shaw-Barton, Inc.	94	Bayless-Kerr, Cleveland
Smith-Corona, Inc.	49	Cunningham & Walsh, New York
Studebaker-Packard Corp. (Truck Div.) 98		Burke Dowling Adams, New York
Surface Combustion Corp.	95	Beeson-Reichert, Toledo
Thomas and Howard.	104	Direct
Travelers Insurance Company.	3rd cover	Young & Rubicam, New York
Tropical Paint Company.	65	Fred M. Randall, Detroit
Union Pacific Railroad.	58	Caples Company, Chicago
United States Gypsum Company.	91	Fulton, Morrissey, Chicago
Wagner Electric Corp.	93	Arthur R. Mogge, Chicago
Warner Electric Company.	104	Grant, Schwenck & Baker, Chicago
Western Electric Company.	1	Cunningham & Walsh, New York
Zippo Manufacturing Company.	59	Ogilvy, Benson & Mather, New York



William B. Holt of Santa Ana, California, telephoning an out-of-town client

Three out-of-town telephone calls—\$11,000 in sales

"I heard about other businesses selling successfully by telephone," says William B. Holt, California mortgage broker, "so I decided to try it myself. I did, and the results were astounding!"

"The first three calls I placed to out-of-town clients produced a total of \$11,000 in sales!"

"Now we're calling all our

clients from coast to coast regularly," says Mr. Holt. "In addition, we invite clients to call us collect. It's good business and it pays for itself a hundred times over."

.

***Why not try selling your out-of-town customers by telephone?
It's easy, personal, low in cost.
And it gets results.***

LONG DISTANCE RATES ARE LOW

Daytime Station-to-Station Calls

For example:	First 3 Minutes	Each Added Minute
Baltimore to Philadelphia	55¢	15¢
Newark to Richmond	95¢	25¢
Milwaukee to Omaha	\$1.15	30¢
Chicago to Dallas	\$1.50	40¢
Santa Ana, Calif., to Portland, Ore.	\$1.60	45¢

Add 10% Federal Excise Tax

BELL TELEPHONE SYSTEM

Call by Number. It's Twice as Fast.



Here's the road to ABSOLUTE SECURITY



WE ARE SPENDING MONEY with one hand to build up what we are energetically tearing down with the other. The fact that we are doing both these things in the name of national security apparently makes them acceptable at home, however confusing they may be abroad.

So long as we follow our present course, \$39 billion—or \$100 billion—cannot buy security. Money can perhaps buy defense. But security is a matter of moral fiber—a personal willingness to face life's hazards with confidence. No legislature can decree a state of public self-assurance.

In this country's recent past, no legislature needed even to try.

We were then a self-reliant people. We stood erect, bending over only to seize our own bootstraps and tug ourselves a notch nearer our personal destiny. We were brash, rude, uncultured, uncouth by European standards, but we built railroads and cities and private fortunes—and private debts. We grew into and across the Indian country where safety depended on the Sharp's rifle over the mantel and a distant cavalry troop which Congress sometimes forgot to pay. We accepted responsibility for our own aged, our own infirm, and our own mistakes.

We were not necessarily happy, because we had problems. But we had little time to grieve. Many of us died poor. Most of us died young.

But we died free.

And, in dying, we attained the only absolute security that any living thing can ever reach.

Today our national policy seems to accept that the spirit of self-sufficiency is dead—or perhaps ought to be.

A casual glance at laws passed or proposed gives evidence of the governmental belief that nobody who depends on his own resources can do anything.

Government will, or wants to, help farmers, small businessmen, students, the aged, the disabled, the poorly housed, the lowly paid, the veterans. It is eager to build sewers and dams and power lines and bomb shelters.

It is ready to guide the setting of prices, prescribe courses of action.

It is equally ready with equalizing taxation and stigmatizing scrutiny to discourage those who rise too high or grow too big.

Such policies may improve national comfort, or happiness or complacency, but to urge them as necessary to national security is a misuse of language.

In life, as in modern traffic, no person can be secure. Alertness, skill and acquaintance with the nature of danger, can increase safety in traffic. They can also increase safety in life where the risks increase with the importance of the enterprise.

Since the nation is really a group of persons, it follows that the safest nation is that one with the most alert and skillful body of citizens.

Any government policy which purposes to remove the need for alertness or the need for skill, not only fails to increase national security—

It weakens national safety.



1.

Bill Lacey smiled, "My plant's insured—I really know the score!"

But one grim day a boiler blew a hole clear through the floor. Assembly lines a shambles, Lacey couldn't meet his orders.

Insured or not, to pay his bills he had to take in boarders.



2.

Then—Johnny-on-the-spot—a man from Travelers viewed the scene;

Said he to Bill, "Let *us* insure each boiler and machine."

"Fat lot of help insurance was for *me*," poor Bill retorted.

"I've news for you, so hear me out," the Travelers man reported.



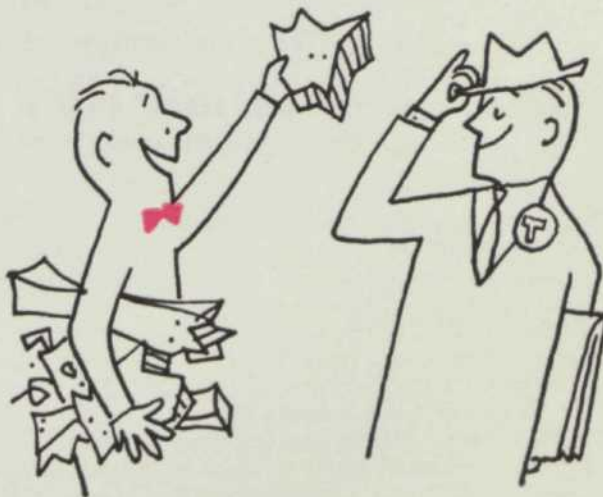
3.

"I'll draw you up a plan that pays the *whole* calamity,

Instead of simply covering the mess that you can see.

For fixed expenses, normal profits—Travelers foots the bill;

Until you're back to normal and there's money in the till."



4.

Said Bill, "If I had had your plan I could pick up the pieces—

Rebuild my plant on firmer ground so I'd be rich as Croesus."

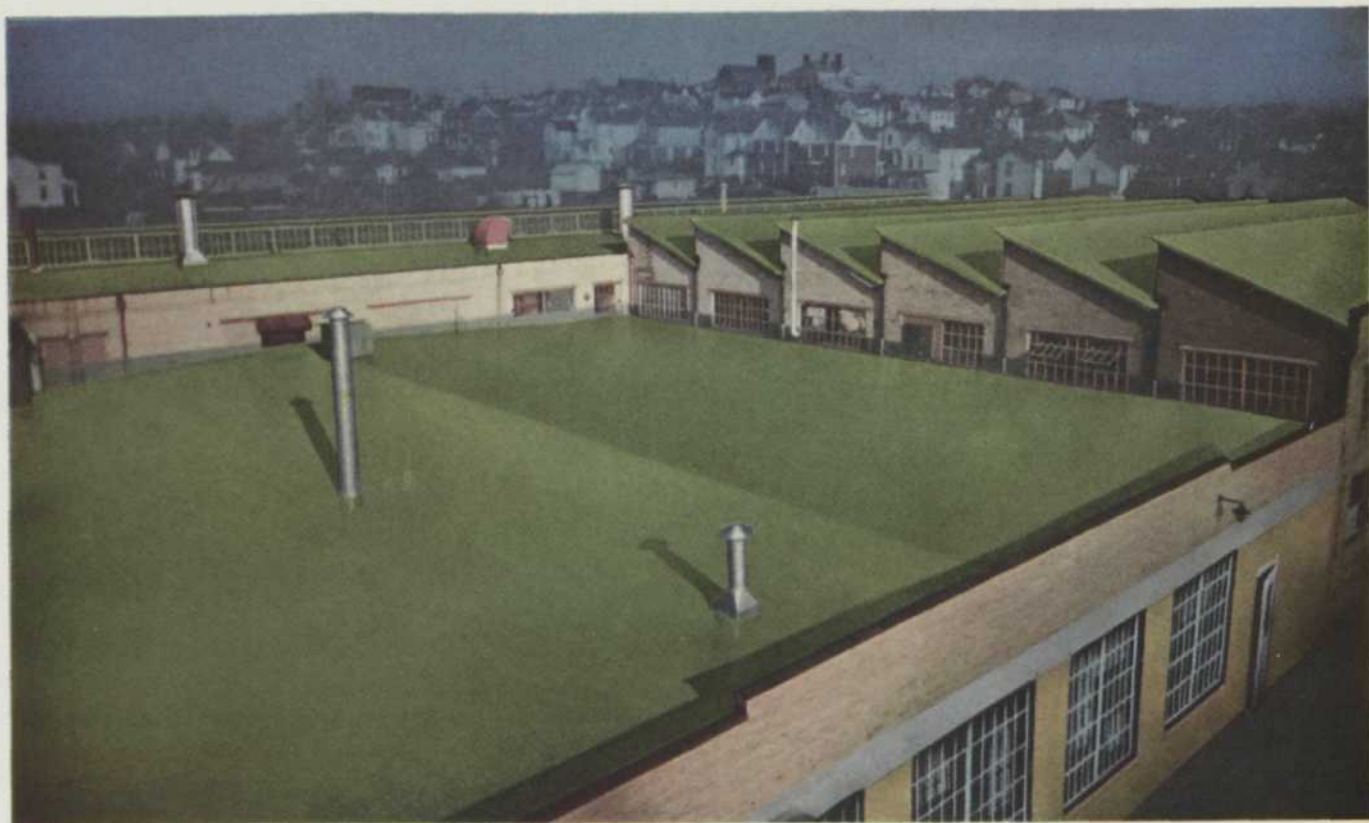
So hurry! Call a Travelers man and get his wondrous plan—

Then even blown-up boilers can't make you an also-ran.

THE TRAVELERS

INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

All forms of business and personal insurance including Life • Accident • Group • Fire • Marine • Automobile • Casualty • Bonds



**Works Manager writes: "We've used aluminum roof coatings for years.
NOW SIPES GIVES US A CHOICE OF COLORS"**

**I-T-E Circuit Breaker Co. gets protection
plus better appearance with**

SIPES LUMA-TINT
Colored Aluminum Paint

There's something new over the I-T-E Circuit Breaker Co. in Greensburg, Pa.—bright, handsome roofs protected with Sipes Luma-Tint, one of the new, colored aluminum coatings made with ALCOA® Aluminum Pigment.

Mr. J. E. Scheibler, works manager, writes, "We've used aluminum coatings for years on our 165,000 sq ft of roofs. Now for the first time we have a choice of colors with Sipes Luma-Tint. We're mighty pleased with this new product."

Yes, here is the new way to protect and spruce up your property in one economical operation. Here are the famous weather-proofing qualities of bright aluminum coatings *plus* a choice of lightfast colors. Heavy-duty coatings like Luma-Tint are ideal for built-up composition roofing, asphalt and asbestos shingles, tar paper, concrete, cinder block and stucco. They are also recommended for corrugated steel, sheet metal and weathered, galvanized surfaces.

Easy to apply with ordinary roofing brush or spray gun, colored aluminum coatings remain firm and pliable in any climate—will not run in summer or crack in winter. And once applied, the colors actually intensify with weathering.

Ask your maintenance superintendent or contractor to investigate colored aluminum coatings today. It's an investment that pays off in better plant protection, better community relations.

Alcoa does not make colored aluminum coatings, but we will be happy to refer you to reputable manufacturers who do. Send today for our free booklets.



"ALCOA THEATRE"
Exciting Adventure
Alternate Monday Evenings



R & I E Equipment Division (I-T-E Circuit Breaker Co.), with 165,000 sq ft of roofs to maintain, chose Luma-Tint in green for fresh new appearance. Luma-Tint colored aluminum paint is made by James B. Sipe & Co., Pittsburgh 16, Pa.

Aluminum Company of America
Paint Service Bureau
1715-D Alcoa Building, Pittsburgh 19, Pa.

Please send your booklets:

- ☐ Painting with Aluminum
☐ Aluminum Asphalt Roof Coatings Make Time Stand Still

I am interested
in protecting _____

Name _____

Company _____

Address _____

City _____

Zone _____

State _____